

On stream  
On time  
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On site

## NEWS SUMMARY

### GENERAL

#### 50 die in South Korea clashes

At least 50 people died during the fourth day of clashes between armed civilians and the South Korean military in the northern city of Kwangju. The declaration of martial law at the weekend prompted the uprising, and a military backlash brought protesting civilians on to the streets. Miners armed with explosives joined the demonstrators while others raided armories, commandeered army vehicles and seized personnel carriers. Back Page.

#### Trudeau call

Quebec voted in a referendum to stay within Canadian confederation, and Premier Trudeau called for early reform of the province's outdated constitution. Back Page.

#### Volcano ash peril

Thousands of motorists and travellers stranded on ash-covered roads and at airports blamed the eruption of Mount St Helens reached 10.

#### Envoy recalled

Italy recalled its ambassador in Tripoli for talks following the murder in Rome of the fourth Libyan exile in two months. Page 2.

#### Rugby match off

British Lions rugby match with Zimbabwe next month was called off to avoid prejudicing the nation's sporting links with the rest of Africa.

#### Haughey meeting

Irish Premier Charles Haughey agreed with Mrs. Thatcher to hold regular meetings and try to develop closer political co-operation between their governments. Back Page.

#### China rocket test

China test-fired its second intercontinental rocket in the central Pacific in four days. Communist Party leaders hailed it as a "great success."

#### Coroner's warning

Coroner at the Blair Peach inquest at Hammersmith spoke of the "incalculable damage" done by a story published the day after Peach died, saying he was killed by the Special Patrol Group.

#### Jargon campaign

National Consumer Council launched a campaign to make official forms easier to understand. Page 9.

#### Court killings

Screaming gunman burst into the Supreme Court, Melbourne, Australia, killing two men and injuring three others. He was grabbed by police.

#### Second in a row

Scottishman Kenneth Kerr left St John's Newfoundland, on his second attempt to row the Atlantic in a 13-foot boat. Last year, his boat capsized.

#### Briefly...

Prison officer was shot and wounded at his home near Belfast. Cost of running an average family car rose by 30 per cent last year to £1,997, the AA said. Imp. Cont. Gas. 24.

#### PUBLISHER'S NOTICE

The Financial Times apologises for errors contained in this issue which are due to difficulties in the reading department.

#### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES	FALLS
Excheq. 3pc 1984-87 72 1/2	Ultramar 352 + 18
Treas. 14pc 98-01-1988 72 1/2	Buffels 1165 + 4
Anderson Strelde 73 + 6 1/2	Free State Gold. 2223 + 1 1/2
Carlson Inv. 152 + 4	New Wilwatersrand 228 + 29
Cater Hyder 245 + 7	President Brand 217 + 1
Cheung 61 + 3	Bridon 59 - 7
Geers 51 + 3	Carlops Intl. 21 - 4
Gerrard & National 244 + 6	Electrocomponents 530 - 7
Howard Tenes 72 + 8	Fisons 287 - 17
Low and Boner 178 + 5	GKN 257 - 7
Old Swao (Hgate) 45 + 10	Heath (C.E.) 196 - 12
Prince Wales Hous 47 + 6	Home Charm 102 - 3
Tyneide Inv. 147 + 2	Minet Hldgs 95 - 3
Unilever 418 + 8	Owen Owen 124 - 6
Unio Discount 430 + 15	PMA (Hldgs) 39 - 4
Berkeley Explan. 130 + 9	Steel Bros. 155 - 10
Imp. Cont. Gas. 24 + 24	Serjant 173 - 15
Siebens (UK) 820 + 25	Troch 245 - 10

### BUSINESS

#### Gilts firm; Equities ease

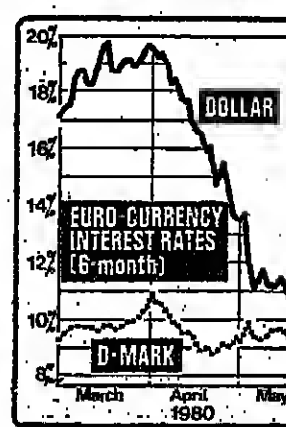
● **GILTS** were firm on sterling's strength, with gains of up to a half in shorts and longs. The Government Securities index closed 0.16 higher at 67.58. Page 40.

● **EQUITIES** drifted lower, and the FT 30-share index fell 2.0 to 431.6. Page 40.

● **STERLING** rose 4.1c to \$2.3320, its highest since May 1975. Its trade-weighted index was 74.1 (73.3). DOLLAR was weaker on lower U.S. interest rates. It closed at DM 1.7880 (DM 1.8030), and its index was 84.5 (85.4). Page 31.

● **GOLD** put on \$7 in London to close at \$514. Page 31.

● **EURODOLLAR** rates have fallen sharply over the past month, with six-month at 10 1/2 per cent against 11 1/2 per cent a Tuesday and 15 1/2 per cent a month ago. Page 31.



month ago. But Enrobank rates have changed little. Six-month were 4 1/2 per cent against 9 1/2 per cent on Tuesday and 9 per cent a month ago. Page 31.

● **WALL STREET** was 2.48 down at \$20.03 near the close. Page 33.

● **NEW BARCLAYS** Bank chairman is to be Timothy Bevan on the retirement next spring of Sir Anthony Tuke. Former EMI chairman Sir John Read is to become chairman of the Trustee Savings Banks. Page 7.

● **VENEZUELA** raised its oil prices, leaving Nigeria as the only important OPEC member not to have yet responded to Saudi Arabia's \$2 a barrel rise.

● **LATEST NUCLEAR** power station in the UK is producing electricity about 14 per cent more cheaply than the latest coal-fired station. Page 7.

● **BRITISH GAS** Corporation has produced figures to show that gas remains the cheapest fuel in spite of big price rises. Page 9.

● **TUC** is to review its structure, services and functions, and examine its power relationship with individual unions. Page 10.

● **METRO-CAMMELL** Weymann won the bulk of a London Transport order worth £30m for 500 double-deck buses. Page 8.

● **COMMERCIAL** vehicle registrations in the UK were 8.97 per cent lower in April than in the same month last year. Page 9.

#### COMPANIES

● **BOC INTERNATIONAL** first-half pre-tax profits fell £1.2m to £31.1m after higher interest charges of £27.5m (£25.6m). Page 24 and Lex, Back Page.

● **WHITBREAD** pre-tax profits for the year were £7.46m up at £61.81m on turnover £78.58m ahead at £738.47m. Page 25.

● **DUPONT**, the steelmaking, engineering and domestic products group, finished the year with pre-tax profits £760,000 ahead at £5.56m. Page 26.

## Ministers adamant as union leaders reject pay restraint

BY CHRISTIAN TYLER AND ELINOR GOODMAN

THE Government and the TUC yesterday took up entrenched positions for what threatens to be a difficult winter on the pay front—even at this early stage. Trade union leaders ruled out co-operation with Government demands for wage restraint. The Prime Minister promised the Government would set an example by refusing to let the public sector set the pace in the next round of wage bargaining. Ritual remarks from both sides about the value of talking to each other did nothing to disguise the conviction of both the TUC and Ministers that a deal of any kind is most unlikely.

The TUC general council made an offer which the Government can only refuse. A statement from Congress House said the TUC was "not interested" in Government invitations for talks about pay restraint. Inflation, output and unemployment had to be discussed as a whole.

"The only basis for such a serious discussion would be a wide-ranging and agreed agenda, with evidence of genuine intent on the part of the Government."

There was no indication from any of the ministerial speeches at the Conservative Women's conference yesterday, however,

that the Government was contemplating anything but the continuation of its present policies. Downing Street poured scorn on the idea that Sir Geoffrey Howe, the Chancellor, had in any way opened up the door for talks with the TUC about the specific issue of pay by remarks made on Tuesday night. In her speech to the women's conference Mrs. Thatcher repeated her determination to stick to the course the Government set when it took office a year ago. Both she and the Chancellor warned that wages in the public sector would have to rise more slowly if inflation was to be brought down and further unemployment avoided. The Government had a duty to set an example in the public sector, she said.

The message in all the ministerial speeches at the conference was that the immediate outlook was very tough.

Mr. John Biffen, Chief Secretary at the Treasury, warned of a "protracted winter of discontent."

He emphasised, however, that the Government had no intention of getting involved in pay negotiations in the nationalised industries. The Conservative Party had learned its lesson with the miners.

Sir Geoffrey made his third plea for wage restraint in three days. If the unions insisted on going for large wage settlements it would "court disaster for jobs in the months ahead."

The need for greater restraint in pay bargaining was inescapable if monetary policy was to work as directly and quickly as it could—without big increases in unemployment—to keep inflation on a downward trend.

Mr. Len Murray, TUC general secretary, did not elaborate on what an agreed agenda would mean, except to mention the TUC's own economic review.

The TUC was determined to press on urgently with its campaign against present economic policies.

"The issues won't go away and the TUC won't go away," the Government was "on a mandate for free collective bargaining," but many Ministers appeared to have lost heart.

Mr. David Bassett, general secretary of the General and Municipal Workers' Union and chairman of the TUC economic committee, said talking was no longer enough. The Government should be forced to face Parliament and labour news.

Continued on Back Page

Economic Viewpoint, Page 23

## British fish measures likely to be ruled illegal

BY RICHARD MOONEY

THE EUROPEAN Court is expected to rule against Britain over fisheries conservation measures unilaterally imposed by the last Government.

The EEC's senior legal official, the advocate-general, who has been studying the case brought last year by the EEC Commission, has told the court that the measures are illegal under the Treaty of Rome. The court usually follows the advocate-general's advice—but not always.

If the court does find against Britain—no decision is expected for a month at least—the Government would be obliged, on paper, to lift the restrictions which affect three areas of British waters.

The commission might then impose similar measures of its own, but British officials fear they would not be as effective.

Another possibility is that the Government might ignore the ruling in the way that France refused to implement the court's ruling that it must accept

British lamb exports. Unilateral conservation measures were introduced by Mr. John Silkin, the Labour Minister of Agriculture, in a bid to protect Britain's fish stocks while a full-scale EEC fisheries policy was worked out. Some met with the commission's approval and were taken into Community law.

Others did not and were referred to the court. They cover fishing in the Mourne area in Northern Ireland, around the Isle of Man and the so-called Norway, Pout Box north-west of the Shetlands.

The most important of the advocate-general's recommendations concerns the Pout Box, where European fishermen, particularly the Danes, used to catch large quantities of Norwegian pout, a small fish used for making fishmeal for animal feed. Immature whiting and haddock were accidentally caught in large quantities with the pout. Britain banned small-

mesh fishing to protect the whiting and haddock stocks. The advocate-general has told the court this amounted to an illegal extension of fishing limits.

He said Britain broke EEC law in the Mourne case by granting a derogation allowing a small quota to boats under 35ft in length. This effectively discriminated against other EEC countries whose small boats could not safely reach the fishing grounds.

In the Isle of Man case Britain did not inform the commission of the licensing system imposed in 1977/78, failed to obtain approval of a cut in the fishing quota and insisted on Irish fishermen landing their catches at the Isle of Man, breaking EEC rules on the free movement of goods, he said.

In London the Ministry of Agriculture said it had not been informed officially of the advocate-general's opinion. But it said conservation measures will remain in force.

## 'Urgent need' for training reform

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

SCATHING criticisms of Britain's educational, training and recruiting practices—and far-reaching proposals for reform—are made in a report published today by the Central Policy Review Staff.

The Think Tank says that although funds for education and training are restricted, much-needed improvements could be effected by redistributing existing resources.

The report stresses the need for changes in entrenched attitudes and inappropriate divisions of responsibility on the part of managements, trades unions, educational institutions, training bodies, and the Government.

Citing the Civil Service's refusal to engage people who lack "formal, but irrelevant qualifications," as an example, the Think Tank says: "The Government has little hope of gaining acceptance in the private sector of reforms which it cannot implement itself."

There is "an urgent need," the report adds, for Ministers to give training "a stronger steer."

Training agencies' numbers should be reduced by mergers and take-overs, and initial craft apprenticeships should give way to the retraining of older people and more general preparation of youngsters for working life.

Among the report's controversial proposals is that the Government should reconsider replacing the present system of differentiated grants with a system of generally available student loans.

It also urges the promotion of vocational courses for part-time and evening students at the expense of academic programmes, financial penalties for universities and polytechnics which fill surplus student places with less qualified teenagers rather than with adults, and the reintroduction of a "grouped-subject" national examination on the lines of the old school certificate.

Details, Page 7

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## DOLLAR SHARPLY DOWN AGAINST MAJOR CURRENCIES

### Pound highest since 1975

BY DAVID MARSH

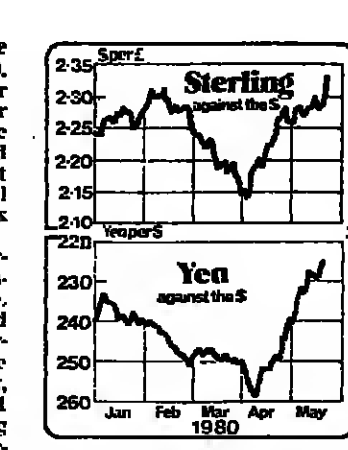
STERLING yesterday rose more than 4 cents to \$2.3320, its highest against the dollar since May 1975. The dollar also fell sharply against the yen, Deutsche Mark and Swiss franc as U.S. interest rates continued the steep fall that set in more than six weeks ago.

The Bank of England intervened intermittently throughout the day to brake its rise, which was also quite marked against the other major currencies. According to the Bank's trade weighted index, sterling rose yesterday to 74.1 from 73.3, its highest closing level against a basket of currencies since August 1975.

Strong overseas demand for the pound has been sparked off by the latest international round of oil price rises, which is expected to boost North Sea oil revenues. The Government has repeatedly ruled out an early cut in UK interest rates and emphasised the importance of a strong pound.

Sterling's renewed rise comes when British inflation is well above the international average. It will aggravate further the severe competitive difficulties already faced by British exporters.

According to Morgan Guaranty, the major U.S. bank, sterling's trade-weighted exchange rate has risen by almost 10 per cent in real terms—allowing for inflation differentials with the rest of the world—in the



past 12 months.

This gives a broad picture of British industry's loss of international competitiveness. The main immediate factor influencing the foreign exchange yesterday was the further fall in U.S. interest rates. The three-month Euro-dollar rate fell by nearly 1 percentage point to 10 1/2 per cent, half its record level at the beginning of April.

The dollar's trade-weighted index yesterday fell from 85.4 to 84.5, 8 per cent below its level just after Easter. The dollar dropped to DM 1.7880 from Tuesday's 1.8430, to SwFr 1.6610 from SwFr 1.6785 and to Y224.5.

The yen has now more than made up for losses suffered last Friday after the collapse of the Japanese Government.

Money markets, Page 31

Lex, Back Page

## U.S. interest rate hint

BY DAVID LASCELLES IN NEW YORK

THE U.S. Federal Reserve Board yesterday signalled to Wall Street that it is willing to let U.S. interest rates fall even further, confounding those who thought it might prefer to pause after the recent decline of the past few weeks.

This message gave a strong boost to the bond and money markets, though it depressed the dollar.

The Fed's willingness to tolerate lower interest rates was evident when it allowed the key Fed Funds Market, which covers interbank funds, to trade as low as 9 1/2 per cent before it intervened.

Its previous intervention level had been 10 1/2 per cent. At the height of the interest rate cycle last month, Fed funds had traded as high as 19 1/2 per cent.

The Fed's new stance was evidently formulated at the closed-door meeting of its Open Market Committee on Tuesday, where credit policy for the next month or so was set.

Although details of that meeting will not be published for several weeks, the feeling in Wall Street is that the Fed is deeply concerned about the path taken by the U.S. economy, and is anxious to cushion the effect of its tight credit policy.

There is still a possibility that, because of the UK's differing position, some of the eight will turn a blind eye to enforcing their own active sanctions.

The UK's isolation emerged here during a day-long meeting of the Nine's trade experts.

Sanctions may aid Iran's internal solidarity, Page 6

## Take the champagne route to Paris.



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## EUROPEAN NEWS

### Steady rise in Western oil shortage forecast

By Robert Mauthner in Paris

WESTERN industrialised countries face a steadily increasing shortage of oil during the 1980s, despite a slowdown in economic growth and limited success in holding down their imports, according to the annual review of 1979 energy policies published by the International Energy Agency (IEA) yesterday.

The report is to serve as the basis of discussions at a one-day ministerial meeting here today of the IEA's 21-member countries, under the chairmanship of Count Otto Lambsdorff the West German Economics Minister.

One of the report's main points is that oil production of members of the Organisation of Petroleum Exporting Countries through the 1980s is likely to be substantially lower than previous estimates have suggested. The IEA's last annual review estimated production at about 37.5m barrels a day in 1985 and 1990, producing a tight, but probably manageable market in the early years of the decade. Serious difficulties were not foreseen until the latter part of the decade.

However, the experience of the past year has indicated that OPEC production will not attain this level in 1985 and could be appreciably less than that

throughout the 1980s. The report says that annual OPEC production during the whole of the decade may not be more than in 1979, when it totalled 31.6m barrels per day.

Even assuming a reduced average annual economic growth rate of 3.3 per cent for the IEA member countries from 1980 to 1985 and lower demand for energy and oil because of successive oil price increases, the projected shortfall of oil would be slightly greater than 2m barrels per day in 1985.

During the five-year period from 1985 to 1990, oil consumption is expected to increase only slightly, as more than 85 per cent of the growth in total energy requirements is expected to come from non-oil sources. But as the result of only a small projected increase in OPEC production and continuing increases in the oil requirements of non-OPEC countries, the estimated shortfall will increase to more than 5m barrels per day.

The report adds, however, that substantial scope exists for government action to ensure that market balance is achieved in an acceptable manner, though some of the policy options are necessarily painful.

### OECD's chemicals code

By Terry Dodsworth in Paris

A SET of guidelines designed to control the testing and marketing of new chemicals has been established by the Paris-based Organisation for Economic Co-operation and Development (OECD).

The measures, agreed at a ministerial meeting, mean that all 24 members of the OECD will now be able to work to common standards in developing chemicals which will be universally acceptable on both health and environmental grounds.

Although a number of countries have already legis-

lated to introduce controls of the kind the OECD is proposing, it is hoped that the guidelines will form the basis for universal practice throughout the Western industrialised world.

But, at the same time, the OECD considers that harmonisation measures could stimulate trade. The chemicals industry at present accounts for sales of \$300bn a year in the 24 member countries, and some \$50bn worth of trade. It is felt that trade could be increased if the "hidden" tariff barriers contained in national testing procedures were pushed aside.

### Suarez faces censure motion

By Robert Graham in Madrid

THE LEADER of the Spanish Socialist Party, Sr. Felipe Gonzalez, last night proposed a motion of censure against the Government over its general handling of policy.

The censure motion is the first introduced in Spain's Parliament since the concept was approved in the 1979 constitution. It will have to be debated within five days and if carried it could mean the fall of Sr. Adolfo Suarez's Government.

Sr. Suarez is nine votes short of an absolute majority and will have to put pressure on several supporters outside his party to defeat the motion which signals a new aggressive stance by the Socialist Party.

Earlier the Government promised to have ready by April 1983 statutes for all the regions demanding autonomy. The promise was made by the Prime Minister at the opening of a three-day policy debate.

Sr. Suarez devoted more than a third of his 105-minute statement to the autonomy issue. He insisted that the Government had to carry out an orderly devolution of authority to the regions.

The quick constitutional mechanisms used to grant autonomy to the Basque country, Catalonia and Galicia could not be extended to others. If that procedure were followed there would be a couple of dozen referendums within two years.

The Prime Minister promised that Andalusia would have an autonomy statute before the end of the year. But any legislative assembly for the region would have to wait until the general elections due in 1983. His strategy appears to link the evolution of autonomy to these elections, but his proposals did little to satisfy the opposition.

### WEST GERMAN FOREIGN POLICY

## Charting a careful course between friends

By Jonathan Carr in Bonn

BRITAIN'S DECISION not to backdate its economic sanctions against Iran was the latest in a series of actions by Mrs. Margaret Thatcher's Government which seriously annoyed the West Germans. But Britain is not the only ally to upset Chancellor Helmut Schmidt's coalition. Repeated failures of consultation and policy coordination within the Western camp over the past few months have shaken key principles of West German foreign policy.

The change in Britain's stand on sanctions is felt to be particularly regrettable because it might encourage other EEC countries to break ranks. This is seen as a foretaste of a possible chain reaction if Britain, exasperated by its failure to obtain what it felt was a fair deal on the EEC budget issue, decided to leave the Community.

Herr Schmidt is known to feel that Britain would then turn protectionist, that France might well follow suit, and that the Common Market would rapidly crumble. The fear of this kind of deterioration is said to be one main reason why Herr Schmidt went further than his colleagues and advisers felt he should in trying to obtain accord on the budget question in Luxembourg.

Tactically the Bonn Government was unhappy about the particularly strong public statements made by London on behalf of the U.S. position early in the Iran and Afghanistan crises. Doubt was constantly expressed in Bonn as to whether British action, or the Moscow Olympics and on Iran sanctions, could match the expectations raised.

The West Germans also claimed that this strong public support was a key factor causing M. Valery Giscard d'Estaing, the French President to oppose a Western "Big Four" summit meeting near the start of this year. The President is said to have felt that such a meeting would simply have ranged the U.S. and Britain as hardliners on one side, with France and West Germany as apparent appeasers on the other.

It is not clear to what extent Herr Schmidt himself really wanted a summit at that time. But it is plain that French policy has upset the West Germans over the past few months even if strong criticism of it is rarely expressed. This underlines the special quality of the Franco-German relationship. But it raises a question over how close bilateral ties might be if Herr Schmidt and President Giscard, both facing elections before long, were no longer

there to cement relations. The personal friendship between the two leaders evidently counts for much. But it does not mean, for example, that France has given up defying the European Court the EEC sheepskin dispute, despite Herr Schmidt's personal intervention on the issue. Nor, more surprisingly, did it mean that President Giscard informed Herr Schmidt about his plan to have talks with Mr. Leonid Brezhnev, the Soviet leader, before the



Chancellor Schmidt... aware of suspicions.

Chancellor could read about it to the press.

However, in public Bonn took a more friendly line towards M. Giscard's initiative than did several other Western allies. Herr Schmidt is planning to see Mr. Brezhnev himself, but he felt he should first consult in detail with his partners. One official close to Herr Schmidt noted wearily that French and West German actions are judged internationally by different standards and will long continue to be so.

This appreciation of Bonn's special position is more than ever true over the West German relationship to NATO and the U.S. The Germans are well aware of suspicions that they might break away in the interests of their "Ostpolitik" and thus produces an additional pressure to show special solidarity with the U.S. as alliance leader. But here, too, the tactics of an ally have regularly caused the hair of Bonn's policy makers to stand on end.

The Government was informed at three different levels that the U.S. did not plan to boycott the Olympic Games — only shortly before President Jimmy Carter announced his boycott decision. Bonn was also told that Mr. Carter had decided

to include food and medical supplies in the sanctions against Iran, only to be informed shortly afterwards that this was not so.

The Government is also highly critical of aspects of the list presented by the U.S. detailing proposed cuts in delivery of Western strategic goods to the Soviet Union. Some of the suggestions — for example, the proposed ban on major industrial deals worth more than \$100m (£43.8m) — are bluntly described as ridiculous.

Besides development of the EEC and strengthening of the Atlantic Alliance, a key principle of West German foreign policy at any level has been to see that Bonn does not have to act in isolation. But it now seems likely that West Germany will be the only major Western European power whose Olympic athletes do not go to Moscow. This was an independent decision by sports officials — albeit at the recommendation of the Government — but it could well have consequences for West Germany's political relations with the East. While working for a Common Western position in the current crises, the West Germans are starting to find themselves out on an uncomfortable limb.

### French hit back at Muskie over Brezhnev summit

By Our Paris Correspondent

M. JEAN FRANCOIS-PONCET, the French Foreign Minister, yesterday hit back at Mr. Edmund Muskie, the U.S. Secretary of State, for having criticised France's failure to consult the U.S. on last week-end's Warsaw meeting between President Giscard d'Estaing and Mr. Leonid Brezhnev, the Soviet President.

"France conducts an independent foreign policy," M. Francois-Poncet told the French National Assembly. "It talks with whom it wants and when it wants and needs nobody's permission to do so."

The need to maintain a dialogue with the Soviet Union was accepted by everyone, he said.

Mr. Muskie himself had described his talks in Vienna last week with Mr. Andrei Gromyko, the Soviet Foreign Minister, as useful and necessary.

"Why should what is rightly considered to be useful and necessary for Mr. Muskie and Mr. Gromyko become damaging or superfluous for the French President and Mr. Brezhnev?" M. Francois-Poncet asked.

He recalled that President Jimmy Carter was informed last Friday in advance of the meeting in a personal message from President Giscard. The French leader had also telephoned the West German Chancellor, Herr Schmidt, and had sent another message to Mrs. Margaret

Thatcher, the British Prime Minister.

The Franco-Soviet meeting had never been intended to have the character of negotiation leading to definite decisions, he said, which was why it had not been publicised in advance and why no final communiqué was issued.

### EEC fears Japanese trade drive in Europe

By John Wyles in Brussels

EUROPEAN COMMISSION officials have warned of increasing EEC concern about a new deterioration in the Community's trade balance with Japan during discussions this week with Japanese Government representatives.

During their regular bi-annual consultations with Japan, commission officials have drawn attention to a sharp leap in Japan's trade surplus with the Community in the first three months of this year.

Denominated in yen, the first-quarter surplus is some 37 per cent higher than in the same period last year and some 30 per cent higher if measured in dollars. This trend is a special disappointment to the Community because of evidence over the past year or so that Japan's surplus had been stabilising at around \$5.1bn (£2.5bn) per annum.

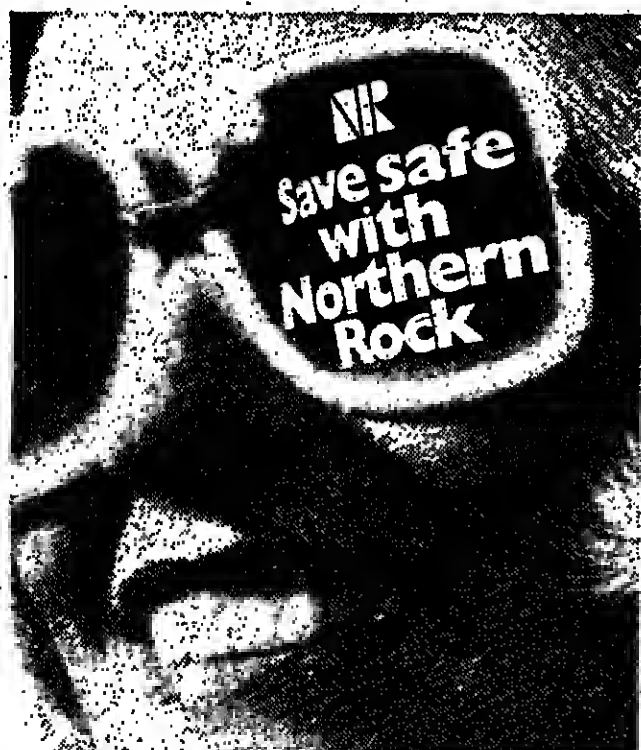
This was only \$98m, or 1.5 per cent, higher than in 1978 and showed a much slower rate of increase than was evident in the previous years since 1973. Now the Commission is beginning to fear that last year's standstill in the surplus may have been an aberration owing more to the strengthening of the yen in late 1978 and to a possibly anomalous 25 per cent rise in EEC exports to Japan.

But now, with Japan being pushed into balance of payments deficit—\$8.2bn so current account last year—the worry in Europe is that Tokyo will mount a big export drive to help pay for its rising oil bill.

This is bound to boost protectionist pressures in the Nine, during a time of rising unemployment and inflation. Walter Ellis adds from Strasbourg: The EEC would face a crisis of "enormous proportions" if the problem of Britain's budget contributions and related issues were not speedily resolved. Sig. Emilia Colombo, the Italian Foreign Minister, told the European Parliament yesterday.

Sig. Colombo, current president of the EEC Council of Ministers, said that the council was not prepared to consider a new draft Community budget—to replace that rejected by the Parliament last December—until agreement had been reached on the British problem. 1980 farm prices and the Anglo-French lamb dispute.

Mr. Roy Jenkins, president of the European Commission, warned that something had to be done quickly if the Community was not to be thrown into chaos by the autumn.



### Outlook sunny.

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**DAEWOO**



# Elections threaten to put Palestine autonomy on ice

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

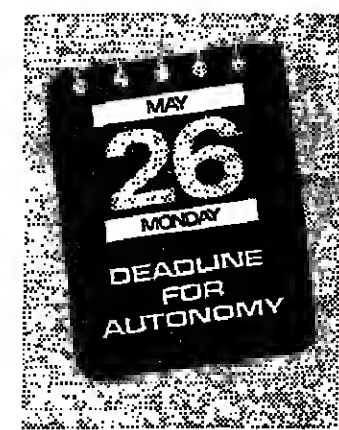
HISTORY WILL repeat itself this year, assuming the right mechanism can be found to prolong the Egyptian-Israeli talks on Palestinian autonomy beyond the May 26 deadline. In 1968 and, much more importantly, in 1972 and 1976, Middle East peace negotiations were effectively put on ice, as much as anything because the United States was electing a President. This year, the U.S. and, to a degree, the Israeli, elections will have claimed another hostage.

As a proposition, this is irrefutable, but it may also be too simplistic. For the old drama has, in 1980, a distinctly different political twist, brought about by a change in the relationship between the principal players, the U.S., Israel and Egypt, and by a distinct shift in public and political attitudes in the U.S. towards what constitutes a balanced settlement in the Middle East.

In good measure this can be attributed to the enormous impact President Anwar Sadat of Egypt has had on U.S. opinion. It would perhaps be excessive to say he has singlehandedly created an Arab lobby fit to rival its powerful Israeli counterpart, because his differences with his Arab neighbours are

too well-known. At the very least, he has created an Egyptian lobby.

It has manifested itself in numerous ways. It has produced an unprecedented volume of U.S. economic and military aid



to Egypt. For the U.S. to sell sophisticated fighter aircraft to any Arab country—in the teeth of Israeli opposition—is, by itself, an exceptional event. Even during the present budgetary stringency, when the fiscal axe is cutting deeply into all forms of foreign assistance, Mr. Sadat, uniquely, could prob-

ably get what he wants from the U.S. Congress.

It has also produced a genuine affection and admiration in the U.S. Last month, for example, when Mr. Sadat was in Washington, he gave a speech to the National Press Club, on the top floor of the rather anonymous office building which also houses the Financial Times bureau. A sizeable crowd gathered spontaneously in the street outside, just to catch a glimpse of, and cheer, the Egyptian leader. No other head of state, and certainly no domestic political figure, has been able to command such unsolicited attention in my recollections of hanging out of the office window. When Mr. Sadat takes in the spurned Shah, helps the U.S. in its abortive raid into Iran, and never lets a moment pass without heaping praise on a beleaguered U.S. President, he is seen as a singular and noble friend, a man possessed of much bravery.

In comparison, Mr. Menachem Begin, the Israeli Prime Minister, has cut a much less heroic figure. The uncritical, unwavering support for Israel which has been a hallmark of U.S. politicians, especially Democrats, in the past 30 years has shown

signs of weakening. Consider, for example, what Senator Adlai Stevenson, the mainstream Democrat from Illinois, had to say on the Senate floor late last year, when a motion to cut military assistance to Israel in protest against its settlement policies was briefly considered.

"Many years of history," Mr. Stevenson said, "have made our commitment to Israel clear. But we are not obliged to subscribe to every vagary of an Israeli Government that is often divided and given to internecine quarrelling, especially when, as now, its actions damage efforts to bring about a peaceful resolution of the Arab-Israeli differences, and raise large doubts in the world about our capacity for leadership. It is time to make clear our commitment to our own interest."

That Mr. Stevenson is retiring from the Senate does not mean that his reservations are not widely shared.

On the other hand, as Mr. Carter's Administration has painfully discovered, there are limits to the pressure which can be exerted on Israel, which is, through its impeccable connections in the U.S., alive to, and in a position to exploit, any nuance or shift in the U.S. Govern-

ment's position. The furor created by the "anti-Israel" U.S. vote in the UN in March and by Mr. Andrew Young's unauthorized contacts with the Palestine Liberation Organisation, which cost him his job, are over examples of how pressure can be exerted two ways. It can also be, and is, more discreetly applied.

Yet, in the 1980 political season, there are disturbing signs for Israel. Senator Edward Kennedy, in his campaign for the presidency, has been as uncritically staunch in his support of Israel as, say, the late Mr. Hubert Humphrey ever was. Yet, apart from his victory in the New York primary and his carrying of a couple of predominantly Jewish counties in Florida (both after the UN vote), it has done him little good.

There are numerous reasons for this, not the least of which is that, so far, Egyptian-Israeli problems have not, other than fleetingly, intruded on the domestic political process. After all, the principal base of Mr. Kennedy's campaign effort has been concerned with the state of the domestic economy.

With the senator's bid for the nomination apparently doomed, the question is

whether or not U.S. Jews can reconcile themselves to President Carter. There should be no doubt that the President needs their support in what is likely to be a close election. Jewish support for Democratic candidates has ranged as high as the 90 per cent given to President Lyndon Johnson in 1964. Even in 1972, in the face of a Nixon landslide, Senator McGovern won 65 per cent. In 1976, President Carter took approximately 75 per cent of the Jewish vote—and many professionals considered that dangerously low.

Beyond their numbers, U.S. Jews, who tend to be concentrated in the bigger states, the principal battlegrounds in November, are traditional political activists and major fund-raisers—although the advent of federally funded presidential elections and the \$1,000 ceiling on individual political contributions has somewhat devalued this last asset.

At the same time, it would be both a mistake and an insult to describe American Jewish attitudes to Israel as being monolithic in their adherence. There is a lively debate inside the Jewish community as to the desirable shape of any Middle East settlement, as

witnessed by countless magazine and newspaper articles, and no little appreciation that the Camp David process has, to date at any rate, produced divisions.

Moreover, the suspicion persists that many American Jews would have difficulty in embracing the Republican Party, especially if it is led by conservatives. This party reflects historical Jewish ties to the progressive wing of the Democratic Party, but it also denotes a less well-defined feeling that commercially oriented Republicans are more likely to be impressed by Arab oil wealth and more capable of cutting a Middle East deal inimical to Israeli interests. This, certainly, was the thrust of the sharp criticism of Mr. John Canavan's Middle East package proposal which he unveiled last year when still a candidate for the Republican nomination. Mr. Ronald Reagan has probably not stilled these doubts.

Political logic thus seems to dictate an extended continuation of the Camp David process, to which, as Mr. Edmund Muskie, the Secretary of State, explained in his Press Conference on Tuesday, the Administration is committed for



policy reasons. After all, Camp David and the subsequent Egyptian-Israeli peace treaty are still widely viewed in the U.S. as the great triumph of President Carter's tenure. Not even his domestic political opponents have an interest in rearing the edifice down when so many other international problems are pressing.

Privately, Administration officials will convey their irritation with Mr. Begin's Government and even their nervousness that Mr. Sadat, in whom they place so much faith, is so desperately exposed. But alternatives are not easy to find and certainly not ones which could satisfy the U.S. political audience in an election year.

## Iranian rank and file proves reluctant to fight war against Kurds

BY ANDREW WHITLEY IN TEHRAN

ATTEMPTS by Mr. Abol Hassan Bani-Sadr, the Iranian President, to bring about a negotiated settlement of the year-long rebellion by Iran's Kurds are being swept aside by mounting demands from the hardline Moslem clergy for a final military solution.

Strong support for these demands came yesterday from Ayatollah Mohammed Beheshti, secretary of the Revolutionary Council and leader of the theocratic Islamic Republican Party. The religious strongman told the paramilitary Revolutionary Guards that the Government was not prepared to hold peace talks with the Kurds until the entire western

region of Iran had been purged. The pressures to impose a solution on the Kurds and their left-wing allies, ignore the unpalatable fact that apparently serious opposition to the war has shown itself within the lower ranks of the army and airforce.

In a series of speeches this week President Bani-Sadr and the chief of staff, General Hadi Shadmehr, have emphasised the importance of discipline within the ranks and warned civilians against trying to weaken the forces' morale.

A revolutionary military tribunal has been set up to try men who are reported to have refused to bomb or attack

Kurdish villages. An example was made of 20 air force men out of 200 said to have been rounded up in Isfahan recently.

Particularly embarrassing for the authorities is the case of a unit of the crack Special Airborne Brigade who have been taken captive by the rebels in the small town of Nowand on the Iraqi border, east of Sanandaj.

Government troops are accused of surrendering without resistance, prompting Gen. Shadmehr to threaten them with punishment for treason.

Last week the President's office was reported to have accepted a six-point peace plan put forward by the Kurdistan Democratic Party, the highest

groups. Darius Forouhar, the Government's trouble-shooter in Kurdistan, has been sent to the region to hold talks with the party's leaders and with Sheikh Ezodin Huseini, the popular Kurdish religious leader.

But it now seems that any talks may be forestalled by the opposition of leading clergy-men Ayatollah Beheshti is the most prominent of a string of figures who have publicly denounced peace talks.

Islamic Republic, the newspaper of the Islamic Republican Party, quoted a member of the Revolutionary Guard in the city of Sanandaj, recently recaptured but moderate of the rebelled by the Government after a month of fighting, as saying:

"If another special mission is sent for talks with anti-populist groups, we shall open fire on them with our machine-guns."

Opponents of negotiations say previous breathing spaces in the conflict have been used by the Kurds to reform and strengthen their positions.

The strength of the antagonism between the two sides was brought into the open in an unusually outspoken exchange between Ghani Bolourian, a leading left-wing member of the Kurdistan Democratic Party, who has been elected to the new Iranian Parliament and Ayatollah Khomeini, the controversial religious judge. Each called for the other to be

executed for his "crimes."

The Ayatollah, meanwhile, is undertaking with characteristic vigour his appointed task of rooting out drug traffickers. Twenty convicted men were executed in Tehran yesterday on his orders.

The death sentences were passed despite the fact that the President has forbidden Khal-kali to try suspects personally and has limited his authority to investigation and arrest.

The Ayatollah's defiance of Mr. Bani-Sadr is a public slap in the face and the climax of a series of confrontations between the two men at a time when the President is trying hard to assert his authority over the unruly clergy.

## Pretoria warms to Namibia talks plan

BY QUENTIN PEEL IN JOHANNESBURG

PLANS FOR a Lancaster House-style all-party conference to decide the future of Namibia (South West Africa) are being regarded with increasing enthusiasm by the South African Government.

Mr. R. F. Botha, the Foreign Minister, has described such a proposal as "constructive" and indicated that he would be happy for the Western members of the Security Council to sound out possible participants.

The idea of such a conference coincides with growing South African pessimism about the prospects for a Namibian settlement on the basis of the current United Nations plan for a ceasefire and UN-supervised elections.

In spite of a generally optimistic assessment by Western diplomats of the prospects for the UN plan, South Africa has expressed continuing reservations and believes that the exercise has lost momentum.

The South Africans are pressing ahead with their alternative option of setting up an effective internal government based on the South African-sponsored National Assembly. Pretoria has agreed to hand over limited military

powers to a future executive council in the territory. South Africa's strategy was to install an internal government in the hope that it would win enough credibility in power to defeat the black nationalist South West Africa People's Organisation in a subsequent election. But the Zimbabwe election result has caused second thoughts about the success of such a plan.

The other pressure on South Africa is the growing cost of the guerrilla war being waged by SWAPO along the northern border. There is little doubt that the war is worsening. Guerrilla casualties are running at eight times the level of 12 months ago, and South African casualties are also up.

South African doubts about just how to cope with these pressures is one reason for the idea of a conference. But the prospect of getting all the parties to a table must be very slim. There is no obvious chairman, with South Africa and the UN disputing responsibility. There is no obvious way of deciding who should attend and it is not clear what such a conference would discuss: simply the mechanics of implementing the UN plan, or a new constitution for an independent Namibia.

## Foreign trade deficit forecast for Japanese

BY CHARLES SMITH IN TOKYO

JAPAN may suffer a deficit of \$20bn on its custom-cleared foreign trade during 1980, an association of Japanese trading companies predicted yesterday.

The Japan Foreign Trade Council, in its annual report, said exports might rise by 15 per cent in dollar terms over last year's levels but imports would increase by 25 per cent, reflecting higher oil prices.

Percentage increases of this order would mean that imports would total around \$140bn against exports of \$120bn. The import figure, computed according to the customs clearance formula, includes insurance and freight costs. The International Monetary Fund's formula for

calculating imports and exports which is used in computing Japan's overall balance of payments excludes freight and insurance from imports and would therefore give a smaller, though still substantial, trade deficit.

The council's forecast of a 15 per cent increase in dollar-denominated exports for 1980 contrasts with the 1979 growth rate of only 5.5 per cent. Reasons for the Council's optimism include a sharp increase in export volume during the first three months of 1980 (by 16.3 per cent over the same period of 1979) combined with the likelihood of some increase in the dollar price of Japanese exports.

## Australian metal workers push for 35-hour week

BY PATRICIA NEWBY IN CANBERRA

A CAMPAIGN launched in earnest this week by metal trades workers in Australia for a 35-hour week is bound to reverberate through the economy and into the political sphere. It endangers the anti-inflation strategy of Mr Malcolm Fraser, the Prime Minister, and threatens to split the labour movement in an election year.

In spite of opposition from employers, the Federal Government, the parliamentary wing of the Australian Labor Party and the public, mass meetings of metal tradesmen voted this week to take industrial action in support of a reduction of the 40-hour working week.

The 550,000 metal trades workers are workforce pace-setters. Historically, concessions and pay rises granted to them have flowed through all the manual trades.

About 40 per cent of Australia's workforce, mostly in white collar jobs, already work less than 40 hours a week. Federal civil servants, for example, work just under 38 hours a week.

From Monday, metal workers in Sydney and Melbourne will begin working their own 35-hour week with a ban on overtime. After next week they will work a 35-hour week and limit overtime to eight hours.

The seven unions covering

skilled workers such as fitters, turners, welders, electricians, shipwrights and engine drivers, have published a booklet called "35 Hours, More Jobs, More Leisure."

The Metal Trades Industry Association of Australia which represents employers has countered with its own booklet on the issue.

Mr Bill Hayden, Federal Labor Opposition leader, came out against a reduced working week at present even before the Prime Minister condemned the unions. He is anxious to create an image for his party of economic and social responsibility against Liberal criticism that Labor would be spendthrift in power.

The Prime Minister is against any moves which would raise labour costs at a time when his Government is struggling to hold down inflation, currently at 10.5 per cent and rising.

Employers say that the granting of a 35-hour week is equivalent to a 14.29 per cent pay rise which they argue would so severely erode Australia's competitive position that jobs would be lost.

They also maintain that workers would continue to work 40 hours a week, merely claiming the extra five hours as overtime, leading to a 21.4 per cent rise in labour costs.

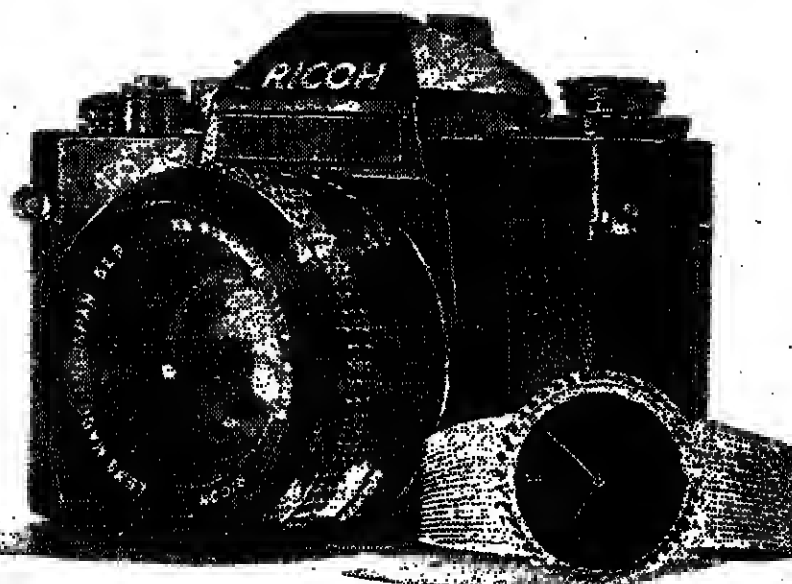
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# AMERICAN NEWS

## Reagan campaign shows signs of weakness

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

MR. RONALD REAGAN is as good as assured of the Republican Party's Presidential nomination, but his campaign has begun to show signs of weakness that could spell trouble for him in the election in November.

This was graphically illustrated in Tuesday's primary in the northern industrial State of Michigan, where Mr. George Bush, plugging gamely on in his own apparently doomed quest, soundly thrashed the front-runner by 57 to 32 per cent.

Mr. Reagan's easy win in the Oregon primary however, by 54 to 35 per cent over Mr. Bush—and the 47 convention delegates he picked up in the two states on the day, have put him very close to the 998 he needs for nomination.

Some unofficial counts, which include projections of delegates to be apportioned in still incomplete caucus processes, put Mr. Reagan over the top already. He will undoubtedly clinch matters next week.

What must disturb his advisers is the fact that he is having increasing difficulty in laying the Bush challenge to rest in precisely those big states in which he must run well in November, if he is to become the next President.

His loss in Michigan comes after a similar defeat by Mr. Bush in Pennsylvania a month ago and a much narrower-than-expected triumph in the popular vote in Texas on May 1.

In Michigan, hard hit by plant closures in the car industry and where Mr. Reagan had done a fair bit of personal campaigning, he was partly victimised by the fact that the Democrats had no real primary of their own.

Party canvasses had distributed 71 delegates to Senator Edward Kennedy and 70 to President Carter and neither leading Democrat appeared on Tuesday's non-binding preference poll.

This left Democrats and Independents free to cross over and vote in the Republican primary, which they did in considerable numbers against Mr. Reagan. For the first time in many primaries, polls taken after the voting found reservations resurfacing concerning Mr. Reagan's age (he is 69).

Mr. Reagan was nonetheless bullish after Tuesday's results and said he would now be giving greater thought to preparing for the convention in Detroit in July, planning November election strategy and choosing a running mate.

Mr. Bush maintained, however, that Michigan lent credence to his candidacy. Now desperately short of funds, Mr. Bush is likely to focus his remaining efforts on Ohio and New Jersey on June 3. California, Mr. Reagan's home turf, holds the biggest primary of all on that date, but it is a winner-take-all contest and the Bush campaign would probably only squander scarce funds in a fruitless cause there.

Mr. Jim Baker, Mr. Bush's campaign manager, is also

claiming, as is Mr. Kennedy on the Democratic side, that delegates already won are not irrevocably bound to their choice at the convention and that there could be a rich lode for Mr. Bush in the more than 300 Republican delegates going to Detroit committed to no candidate.

But so far behind is Mr. Bush in the delegate race—he only has now about 270 pledged to him—that mere political seduction would have to be replaced by the metaphorical equivalent of the Rape of the Sabine Women for him to catch up.

The Republican contests on Tuesday dwarfed the single Democratic primary, where, as was predicted, Mr. Carter scored an easy victory



Mr. George Bush

over Senator Kennedy in Oregon, by 58 to 32 per cent, winning 26 delegates to 13. According to most counts, he now has between 1,530 and 1,550 of the 1,686 needed, compared with Mr. Kennedy's 330.

## Administration criticises UK sanctions move

BY OUR U.S. EDITOR

THE U.S. Government is extremely disappointed that Britain is not going to make the sanctions it employs against Iran retroactive to November 4, the day on which the U.S. diplomatic hostages were seized in Tehran, it was announced yesterday.

"We expect the other members of the European Community to honour their commitment made at Naples," where Foreign Ministers agreed on a common sanctions programme last Sunday—the Administration statement added.

This is the first time the Carter Administration has taken public issue with Mrs. Thatcher's Government on such a matter. Until now, the U.S. has taken pleasure in the staunchness of the British support for its policies over Iran and Afghanistan.

Administration officials want, however, not to make too much of the matter. Mr. Edmund Muskie, the new Secretary of State, was clearly in a position to criticise the British action at his Press conference on Tuesday, but chose not to do so. Instead, his department contented itself with a terse statement read out by a junior official.

Mr. Muskie, while regretting that the sanctions programme drawn up in Naples constituted a retreat from the original pledge made by European

heads of state in Luxembourg some weeks earlier, was more inclined to stress the positive aspects of European co-operation with American policies.

The U.S. is clearly more annoyed with France, as Mr. Muskie made plain, over its failure to consult with Washington in advance of President Giscard's meeting with President Brezhnev in Poland. It is unclear if this resentment has been modified by the fact that President Giscard personally briefed Mr. Arthur Hartman, the U.S. Ambassador in France, on his talks on Tuesday afternoon.

M. Jean Francois-Poncet, the French Foreign Minister, and a victim of Mr. Muskie's particular ire, is due in Washington at the end of next week on a previously arranged private visit, and can presumably expect a fairly tough session with Mr. Muskie.

More generally, U.S. officials concede that the present strains in the transatlantic dialogue do not make a propitious prelude to the high-power economic summit in Venice on June 22-23.

The White House said yesterday that President Jimmy Carter will decide within the next few days whether or not to extend his European trip, which at present includes a State visit to Italy and to the Vatican ahead of the Venice Summit.

## Consumers keep a tight rein on credit cards

BY DAVID LASCELLES IN NEW YORK

CONSUMER SPENDING, the biggest single power behind the U.S. economy, has fallen sharply in the past two months. It could be some time before it picks up again, unless the Administration decides to ease the curbs it imposed on consumer credit as part of the March anti-inflation package.

Part of the drop seems to stem from the widespread but mistaken belief that President Jimmy Carter has banned the use of credit cards or has forced retailers to tighten credit terms.

This is the picture emerging from several retailing reports,

including this week's gloomy earnings figures from the country's largest stores.

Sears Roebuck, the biggest, saw its merchandising results plunge into the red from a \$47m (£20.6m) profit in the same period last year. The trend was also downwards at other main retailers. Not surprisingly, sales declines were biggest in areas dominated by the ailing motor industry.

According to official statistics, retail sales fell by 1.3 per cent in March and by 1.2 per cent in April.

Few retailers expect any early improvement in business. Mr. Donald Seibert, chairman

of J. C. Penney, the country's second-biggest retailer, foresees "only moderate spending gains... as the economy moves further into recession." Economists are still divided over how severe a recession lies ahead, but the retailers' less-than-glowing expectations seem borne out by consumer surveys.

The University of Michigan, which puts out one of the most widely watched consumer confidence surveys, said in its latest quarterly report at the end of last month that consumers are at their most pessimistic since the survey started in 1946. The university's index stood at 56.5 (February 1966=

100), compared with a previous low of 58 in February 1975, during the last recession.

Similarly, the New York Consumer Board's consumer confidence index plummeted from 71.5 in March to 58.2 in April, although it is still above the previous low of 40 in late 1974 (the base year is 1970).

The general prediction is that the brunt of the fall in consumer spending will be felt in the expensive items for use in homes and cars—appliances, hardware and furnishings—because of the weakness of the car and housing markets. Sales of clothing and other personal goods could be more buoyant.

## Influx of Cuban refugees could still reach 100,000

BY DAVID BUCHAN IN KEY WEST, FLORIDA

THE INFUX of Cuban refugees by boat could still reach 100,000, U.S. officials said yesterday. On Tuesday, another 91 boats with 4,642 people aboard docked at Key West. More were still expected.

Most of those coming ashore are blue-collar workers, U.S. officials say. President Castro has evidently restrained professional people useful to the flagging Cuban economy from leaving the island.

Immigration officials complain that they have no control over the flow of refugees—67,030

have made it to Key West in the last month and are being distributed to various resettlement centres in Arkansas, Pennsylvania and Maryland.

President Jimmy Carter last week sought to regulate the flood by clamping down on the "freedom flotilla" and asking Havana to set up a properly organised exodus by air or sea.

So far, President Castro has not reacted to this offer, and so the administrative nightmare which the irregular flow of refugees is causing the Carter Administration continues.

## Pemex to build offshore natural gas pipeline soon

BY WILLIAM CHISLETT IN MEXICO CITY

PEMEX, the Mexican state oil monopoly, will soon start building its first offshore natural gas pipeline, to carry onshore for commercial use the gas it is flaring in the Campeche oil zone in the Gulf of Mexico.

Oil has come on stream in this area far more quickly than expected. It is generally acknowledged to be one of the world's richest offshore fields with proven reserves estimated at 850 barrels. Offshore production started last July at 19,000 barrels a day, and is now running at more than 4m b/d.

As a result, increasingly large amounts of natural gas are having to be flared and revenue lost. Pemex says 7 per cent of the current daily natural gas

production of 3.5bn cu ft is being burned off.

To make use of this offshore gas, Pemex is to build a pipeline from the wells to the port of Dos Bocas on the Gulf coast. The pipeline will then be incorporated into the national system.

Pemex is also planning a second 36-in. diameter, 100-mile pipeline to take the offshore oil ashore. The existing pipeline is approaching its capacity.

Mexico is selling 300m cu ft of gas a day to the U.S., and is expected steadily to increase the amount.

Pemex is rapidly expanding its network of gas pipelines around the country in line with the Government's policy of switching fuel users from oil to gas.

## House votes to curb FTC

WASHINGTON—The House of Representatives approved a Bill which reduces the authority of the U.S. Federal Trade Commission.

The Bill, passed 272 to 127, would give Congress veto power over new FTC regulations and limit the agency's authority to regulate funeral homes, TV advertising aimed at children,

and the insurance industry.

The Bill now goes to the Senate. It also authorises new funds for this year and next.

The FTC suspended operations for 24 hours early this month after it ran out of money. It is now operating on temporary appropriations which expire on May 31.

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## WORLD TRADE NEWS

# Sharp decline forecast in Dutch car sales

BY CHARLES BATCHELOR IN AMSTERDAM

CAR SALES in the Netherlands, consisting almost entirely of imports, are expected to fall sharply in 1980, according to two leading motor industry organisations.

The motor industry association RAI forecasts a fall of between 9 and 12 per cent in new car sales this year to 500,000-520,000 vehicles while the garage owners' federation BOVAG expects a decline of about 20 per cent or 100,000 vehicles.

These gloomy forecasts follow a fall of nearly 3 per cent in car sales last year to 569,000. This slight decline was the first for five years.

Both organisations attribute the expected slump to the Government's budget measures, which will lead to higher taxes on cars, and to inadequate spending on new roads. Increases in fuel tax, the special purchase tax applied to cars and road tax are expected to cost motorists an extra £1 500m (£111m) this year.

In the longer term the motor industry association foresees a recovery in demand to above 600,000 new cars a year with a shift to more economic models and to liquefied petroleum gas and diesel-fuelled models. Replacement demand, assuming an average car life of 10 years, is expected to be around 500,000 cars in 1985.

New car sales declined by 50,000 in the first four months of this year alone, according to the garage owners' federation. Last year the Netherlands imported 38.5 per cent of its new cars from West German manufacturers, 23.9 per cent from France, 19.5 per cent from Japan and 5.9 per cent from Italy. Dutch manufacturers, principally Volvo Cars, accounted for 3.4 per cent of sales and Britain for 3.3 per cent.

Sales of West German and Japanese models have increased over the past five years. French and Italian sales have fallen while British car sales have been more than halved.

## New Honda car for EEC

BY CHARLES SMITH IN TOKYO

HONDA MOTORS hopes to start exporting its newest passenger car model, the Quint, to Europe this autumn. Whether it will actually do so depends on available capacity at the company's Sayama plant, where the Quint is produced along with two other Honda models, the Prelude and the Accord. Production of the Quint, which was introduced in February, is currently running at about 3,000 cars per month. All of these cars are being sold on the domestic Japanese market where initial response to the new model has been favourable.

Honda says it plans to start selling the medium-sized Quint in Europe rather than the U.S. because American demand for its other three models — the

Prelude, Accord and Civic — currently far outstrips available supplies. To introduce a fourth model in the U.S. would add further to the problem of keeping up with demand, Honda says.

Honda's U.S. sales are currently around 32,000 units per month whereas sales to Western Europe are slightly above 10,000 units per month. The Quint, a medium-sized passenger car with a 1,600 cc engine, ranks between the Civic and the Accord in Honda's model range. The car sells in Japan at prices ranging from ¥540,000 to ¥1,320m (£1,100-£2,500). No decision has been taken yet about prices in the European market.

## IRAN AND WESTERN SANCTIONS

## Trade limits may aid internal solidarity

BY PATRICK COCKBURN

"BUSINESS HAS NOT just been normal, it has been better than ever as people try to beat sanctions," says one exporter to Iran.

"It is still safe for a foreigner to walk the streets in Tehran, and the merchants in the bazaar are used to dealing with difficult trading conditions. They have managed to get the goods to the customer over the past year, and sanctions will not stop them, whatever middlemen they have to use."

"What worries me," he said, "is not sanctions but the internal situation in Iran. Sanctions will, if anything, help the Government. Without them the whole system in Tehran could dissolve over the next few months for want of a rallying point. That is the real threat to business."

The introduction of sanctions is a blow to such exporters who weathered a difficult period during the revolution. Most of the vast projects initiated by the Shah have already been abandoned or been put into cold storage, but the first quarter of this year did see a rapid increase in trade.

In the whole of 1979, for instance, Japan's exports were only \$275m compared with \$2.7bn the year before. But in the single month of March this year Iran imported goods worth \$238m from Japan. As for the

EEC, a ban on new contracts would not choke off the \$500m a month it exports to Iran, but it would cut back on the growth which was expected in 1980.

And even if there were optimistic signs for exporters it was always unlikely that trade would have returned to its pre-revolution 1978 level since so many major projects had been abandoned.

For example, the West Germans have seen their lucrative nuclear power station contracts disappear, and the \$7bn worth of important development projects the French had at the end of 1978 has eroded to the extent that today work is continuing on contracts of only \$2bn.

The UK had not been notably successful in winning development contracts in the last years of the old regime, and is, therefore, less affected by the overall retrenchment. But Talbot's contract to supply kits to Iran National for the Peykoo car, worth only £20m in 1979, should produce exports valued at £150m this year. Together with exports of Land Rover kits and buses, motor vehicles have accounted for almost a quarter of total UK exports to Iran.

The fate of Marples Ridgway's £105m road contract in Baluchistan, the last big development project in which a British company was involved,

is symptomatic of the difficulties facing those still working in Iran. After a hiatus during the revolution work restarted on this scheme last July. The Ministry of Roads was enthusiastic that the company complete the road, but progress payments owed could not be obtained and Marples Ridgway finally pulled out last month.

The Japanese agreed to

resume working on the \$3.2bn Bandar Khomeini petrochemical project early this week, but face continual difficulties. A quarter of Japan's exports are accounted for by steel, mostly supplied by Nippon Steel and Kawasaki Steel, but no contracts were signed for July-September delivery. There is already a steel shortage in Iran which will be exacerbated by sanctions, and lack of construction materials is pushing up the price of houses in Tehran.

Salgitter of West Germany has also been a major supplier of structural steel to Iran with exports worth \$50m up to June. Large-scale turnkey business,

once the staple of West German trade with Iran, is now negligible, though Krupp has shown renewed interest in the Sar Cheshmeh copper project following the copper price recovery at the end of last year. In 1979 West Germany was Tehran's largest Western trading partner, with exports of \$1.3bn. Since the U.S. called for allied solidarity in imposing

sanctions, Bonn has been its strongest ally in the EEC. This hard line approach may be reflected by a more rigorous enforcement of the sanctions now introduced.

Italy is somewhat more fearful. It has a series of contracts being carried out in Iran, largely by state controlled enterprises, and on which \$1bn is outstanding for work already done. The Condotte d'Acque engineering group is heavily involved in the new port of Bandar Abbas and Italimpianti has renegotiated a \$1.5bn contract for a new steel plant at Isfahan.

The big contracts will not be

directly affected by sanctions, but they will add a significant amount of confusion to an already chaotic situation. For instance France is involved in the electrification and upgrading of the Tehran-Bandar Khomeini railway, but the second phase would require a new contract. Similarly the Tehran metro scheme, on which Sofreth of Paris is carrying out a new study, would be affected. Nevertheless, 28 per cent of French exports to Iran last year was in the form of foodstuffs, and this is safe from any form of sanctions.

Taken as a whole the sanctions will inconvenience rather than really hurt the Iranians. Goods from Europe can, for instance, be sold in Dubai or Kuwait and then shipped across the Gulf to the Iranian ports. Other goods, whose final destination is Tehran, will be sold in Vienna or Eastern Europe.

The failure of sanctions against Rhodesia is often used to explain why the EEC measures will prove ineffective. The analogy should not be carried too far. Iran's distribution system and bureaucracy are chaotic. However measure the EEC response to the U.S. request for solidarity, it will probably have at least some effect because of Iran's inability to organise counter measures.

## W. German plant contractors hit

BY KEVIN DONE IN FRANKFURT

WEST GERMAN process plant builders suffered a marked fall in new orders last year largely as a result of the loss of business from Iran and a decline in demand from several other important foreign markets. The industry is expecting little improvement in 1980.

The embargo on trade with Iran agreed by EEC members at the weekend is unlikely to have much further impact on activity, however, as new orders from this source have already virtually ceased.

New orders taken from Iran last year totalled only DM 57.5m (£14m) compared with DM 4bn

in 1978. The few major projects that are still under construction such as the DM 700m Neka power station that is being built by a consortium led by Deutsche Babcock are unlikely to be affected.

Herr Jorg Schill, a member of the Deutsche Babcock board, said yesterday that the delays in construction in recent months caused by the turmoil in Iran had added at least DM 40m extra costs to the project. It was now 80 per cent complete, however, and should be finished by the beginning of next year.

New orders from the USSR have also fallen, but the West

German Process Plant Makers Federation said this was more attributable to the hiatus caused by the imminent expiry of the current five-year plan than to political factors. New orders from the Soviet Union last year totalled DM 726.7m compared with DM 983.4m in 1978 and DM 1.3bn in the peak year of 1977.

Senior executives of some leading process plant engineering groups, however, are fearful that in the coming months the West German decision to boycott the Olympic Games in Moscow will harm their chances of gaining new orders.

## UK shippers concerned by Third World rate fixing

BY WILLIAM HALL, SHIPPING CORRESPONDENT

THE GROWING trend amongst developing countries to fix freight rates for imports and exports is causing growing concern in the British Shippers' Council (BSC).

In a paper entitled "The Primacy of Exporters' Interests," the BSC singles out South America and West Africa as two areas where European exporters have lost most of their influence over freight rates for their exports.

In Brazil and Argentina, Government agencies are the ultimate arbiters of freight rates in both directions. The BSC believes that exporters from both developed and developing countries should be able to influence decisions on freight rates and is anxious that European Governments take action to assert and protect the negotiating rights of their own traders.

In its paper the BSC makes

a number of suggestions to improve matters. Shippers' councils in exporting countries should undertake primary responsibility for negotiating the general level of outward tariffs and the final agreements on the general level of rates should be conducted between the exporting council and the shipping line or conference, alone.

Where overseas shippers' organisations have, by Government regulation, assumed rights of consultation on both their inward and outward trade, the BSC argues that the U.K. Government must take action to persuade the countries concerned to cease this practice.

Finally the BSC recommends that the shippers' council or other organisations in the importing country should be kept advised of negotiations with freedom to comment.

## Morocco gives oil permits

BY OUR FOREIGN STAFF

ELF AQUITAINE of France and the Franco-Moroccan company Société Chimique des Pétroles (SCP) have been awarded five oil prospecting permits covering 8,416 square miles in north Morocco as part of an intensive search for oil costing \$90m (£30.47m) in the next three and a half years.

The programme is being financed with a \$50m loan from the World Bank, and officials here say it is the first time the bank has agreed to finance oil prospecting.

Its importance to Morocco is that the country has practically

no oil of its own, and crude imports now cost more than revenue earned from phosphate exports, the mainstay of the economy.

In association with the state mining agency, Bureau de Recherches et de Développement Miniers (BRDM), ELF and SCP will prospect the Rharb basin and the foothills of the Rif mountains, including an offshore block between the Louko and Sebou estuaries on the Atlantic coast. Small pockets of oil already found in roughly the same area are practically exhausted.

## Voest awarded £120m Saudi contract

By Paul Landon in Vienna

VOEST, the state-owned Austrian steel and engineering concern, has received an order, said to be worth Sch. 3.3bn (£120m), to erect a steel plant in Saudi Arabia. The contract was signed in Riyadh by Mr. Herbert Aysalter, director general of Voest, and is the single largest steel plant order ever received by Voest in the region.

It is understood that the conclusion of the deal was speeded up as a result of talks conducted by Chancellor Bruno Kreisky during his trip to Saudi Arabia in February this year. He also managed to secure firm commitments by the Saudis for the delivery of 1.75m tons of crude per annum for Austria.

First indications that Voest was in a good position to win the order surfaced during the Chancellor's visit when he was accompanied by leading executives of Voest and other, major, Austrian companies.

Mr. Aysalter is reported to be optimistic that this year Voest could for the first time in years show a modest profit. He has already stressed that the order books are full.

## Italians win Kuwaiti orders

By Rupert Cornwell in Rome

THREE Italian companies, Ansaldo Meccanica Nucleare, of the State-owned Finmeccanica group, Tonifil and Nuove Reggiane this week signed contracts worth \$102m for the construction of four desalination units in Kuwait. Further contracts will be awarded shortly for the remaining eight desalination units in the complex. Each has a daily capacity of 16m gallons. The first batch of contracts was signed by Italian representatives and Mr. Khalaf Ahmed Khalaf, the Kuwaiti Electricity and Water Minister.

Meanwhile, Ercote Marelli, the Italian engineering group, has won a £8bn (£4.65m) deal to supply three alternators, each with a capacity of 134,000 kw, for the planned hydroelectric power station at Sakia in northern Greece.

## KCA in \$20m Pakistan deal

By Our World Trade Staff

KCA DRILLING, the subsidiary of KCA International, has won a \$20m contract from Pakistan's Oil and Gas Development Corporation. The contract, covering two years work, provides for the drilling management of eight wells in the Toot oil field near Rawalpindi as well as for the establishment and supervision of training programmes and other support services.

The Toot project is being financed by a consortium led by the International Development Association, an affiliate of the World Bank. A key aim of the project is to boost production in the field to 9,500 b/d by 1981 from the current level of 1,500 b/d.

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## Spending buoyant despite recession

BY DAVID MARSH

THE RECESSION in the UK economy, which appears to have started in the first quarter of this year, is not expected to reach its trough for at least 12 months.

This is the gloomy message in the batch of forward-looking economic indicators published yesterday by the Central Statistical Office.

The economy is, however, sliding into a downturn with consumer activity still relatively buoyant. The office yesterday confirmed its estimate made earlier this month that consumer spending in the first quarter rose 2 per cent compared with the final quarter last year.

Spending was boosted particularly by pre-Budget buying of wines and spirits. Motor vehicle sales also held up quite well, as did retail sales generally, particularly in the first two months.

Buoyant consumer activity partly reflects the growth of real incomes during the past 12 months, in which earnings have largely been rising faster than prices.

Spending may drop later this year as real incomes are squeezed. But, in contrast to previous recessions, during the year as a whole spending may show little change and may even rise slightly.

The CSO's principal barometer of economic prospects is its composite index of longer leading indicators. This index, which looks ahead to turning points in the economy over the next 12 months, was broadly unchanged in April, and has now been falling steadily for a year.

Its shorter leading indicator, pointing to prospects over the next six months, was also unchanged, while the indices of coincident and lagging indicators both fell in April.

### TV relay cost

A FEW isolated communities, of less than 200 people, whose televisions do not receive the 625-line UHF service may have to spend more than £500 on installing their own mini-relay transmitters when the 405-line VHF television services of the BBC and IBA are finally phased out in 1986, it was said yesterday.

## Barclays Bank picks Tuke's successor

BY REG VAUGHAN

MR. TIMOTHY BEVAN is to take over as chairman of Barclays Bank Group, the largest of the big four clearers, following the retirement of Sir Anthony Tuke at the bank's annual meeting next spring.

Sir Anthony, who will be 60 in August, joined the bank in 1946 and has been chairman since 1973, succeeding Sir John Thomson. Mr. Bevan, aged 53, joined the bank after being called to the bar in 1950. He became chairman of Barclays Bank UK in 1972 and a group

deputy chairman in 1973.

Both Sir Anthony and Mr. Bevan are descendants from the families of the 20 private banks which came together in 1896 to form Barclays Bank. Mr. Bevan is a direct descendant of Silvanus Bevan, who joined James Barclay's Bank in Lombard Street in 1877 and later became a partner.

He was born in London and educated at Eton. He served in the Army from 1945-47, and was commissioned in the Welsh Guards. Mr. Bevan is married

and has two sons and two daughters.

Mr. Bevan, who joined the bank's board in 1966, has a number of other directorships. He is on the board of Commercial Union Assurance, the Bank of New South Wales, Banque Bruxelles Lambert, and the Institut International d'Etudes Bancaires.

A keen yachtsman, he is a member of the Royal Ocean Racing Club and the Royal Yacht Squadron. His other clubs include the Cavalry and Guards.

## New TSB chairman appointed

BY TIM DICKSON

SIR JOHN READ, until recently chairman of EMI, is to become chairman of the Trustee Savings Banks Central Board on June 1. Sir John takes over following the retirement of Mr. Andrew Ratnall, TSB Central Board's founding chairman.

Sir John's appointment follows a search by a firm of consultants in the banking, civil service and industrial sectors. More than 100 candidates were considered.

Sir John, a chartered accountant with a management background in Ford, was chairman of EMI until the troubled music and electronics group merged

with Thorn late last year. He became deputy chairman of the combined businesses.

His appointment comes at an important time in the development of the TSB group. With more than 8m customers and balances of more than £5.4bn, the bank is changing from a predominantly savings institution to a fully-fledged bank operating in the personal sector.

Sir John, who is 62, is a non-executive director of Dunlop and Thames Television, and chairman of the CBI finance committee.

● The Trustee Savings Banks'

maximum loan limit of £25,000 has been removed. Mr. Nigel Lawson, financial secretary to the Treasury, announced yesterday.

He told Mr. Tony Durrant (C., Reading N.) in a Commons written reply that a pilot scheme for small-scale commercial lending which began last year would be extended in phases to the remaining banks.

Mr. Lawson added: "Lending will still be concentrated on small businesses—sole traders, the self-employed, partnerships and private companies—in the main run by or partly owned by existing TSB customers."

## ICL aid unlikely to be repaid

By Guy de Jonquieres

ICL, BRITAIN'S biggest computer company, is unlikely to repay more than a fraction of £40m State aid it received, according to a House of Commons Public Accounts Committee report.

The aid, from the Department of Industry between 1972 and 1976, was to help finance research and development. It was agreed ICL would repay by handing over all pre-tax profits exceeding 7.5 per cent of turnover in each of seven financial years to 1983-84, to a maximum of 25 per cent of profits.

But no repayments were made in 1977-78 because ICL's profits were only 7.4 per cent of turnover. The department concluded it unlikely any repayment would be made in 1978-79 either, because ICL's turnover was growing faster than profits.

The department believed, on the basis of ICL's analysis, that no repayment could be expected in the next four years.

"We remain concerned that the agreement was drawn in such a form that it is unlikely that the company will make any repayments in six out of the seven years," the department had discussed with ICL discharge of its debt through a lump sum. But ICL replied such a payment could damage its growth and would be inconsistent with responsibilities to shareholders.

## Nuclear power plant 'cheaper than coal'

BY DAVID FISHLICK, SCIENCE EDITOR

BRITAIN'S latest nuclear power station is producing electricity 14 per cent more cheaply than its latest coal-fired power station.

This was disclosed by Mr. Glyn England, chairman of the Central Electricity Generating Board, in a report to the Board's transmission division at Guildford yesterday.

The two stations Mr. England compared—Hinkley B in Somerset and Drax in Yorkshire—are both models for further projects by the CEBG.

Provisional costs are 1.33p per unit of electricity from Hinkley B and 1.51p per unit from Drax.

Hinkley B produced more than one-fifth of the CEBG's output of nuclear megawatts during the year to March. This was "a performance which augurs well for the future," said Mr. England.

Last month the Government gave the go-ahead for construction to begin this summer on two new nuclear stations—at Heysham, Lancashire, and Torness near Edinburgh—based on a modified version of the Hinkley B design of advanced gas-cooled reactor (AGR).

Mr. England said he expected to bring three more AGRs on power next year—at Dungeness, Hartlepool and Heysham.

Dungeness is now scheduled to begin supplying electricity to the national grid early in 1981. At about the same time, fuel will be loaded into the first reactors at Hartlepool and Heysham," he said.

Mr. England said the CEBG's eight Magnox nuclear stations, commissioned before the AGRs, had saved the electricity consumer 100m when compared with the cost of an equivalent quantity of coal—130m tonnes—which would have been used in the same period.

Total cost of the eight Magnox stations to March 1980 amounted to £1.83bn, including fuel and its reprocessing, repairs and provision for decommissioning the stations.

Comparable figures given by Mr. England for an equivalent amount of coal fired electricity amounted to £2.04bn.

Mr. England said the Board's latest methods of inspection had disclosed defects in welds in Magnox reactors. As a result, Bradwell and Dungeness A stations were being repaired. But he said the evidence suggested the defects had been present since the stations were built and they had not become any worse in service.

Bechtel, the California-based engineering group which has experience of U.S. pressurised water reactors, is expected to become a consultant to Britain's Nuclear Power Company next month.

Rolls-Royce, whose defence subsidiary Rolls-Royce and Associates builds nuclear reactors for the navy, may also become a sub-contractor to the nuclear company.

## Divers dodge £60m in tax

DIVERS WORKING for North Sea Oil companies have avoided paying up to £60m income tax, it was disclosed yesterday.

A report from the Commons Committee of Public Accounts urges the Inland Revenue to tighten up on tax evasion by the divers, one of three groups examined by the committee.

The Inland Revenue is losing money because of the difficulty in devising ways of closing tax loopholes.

The report says that many foreign companies operating in the British sector of the North Sea refuse to divulge details of their employees to tax authorities.

By the end of 1978, there were up to 5,000 UK residents and up to 3,000 foreign residents liable for tax, but for whom tax arrangements had not been made.

In November last year the accumulated tax loss was estimated at £60m. Inland Revenue witnesses said they might have to consider advising the Government to bring in new laws to bring these workers into the PAYE scheme.

### Telecom Tower

ONE OF London's landmarks, the Post Office Tower, is to be renamed the London Telecom Tower to reflect the telephone business's new vamped-up image.

The telecommunications side of the Post Office is to be known as British Telecom. It has a new logo and trade mark in blue which is to be introduced on the sides of the yellow Post Office vans, telephone directories, telephone equipment, letter paper and bills.

### Hotel optimism

ALTHOUGH THERE has been considerable pressure on the British hotel industry, statistical analysis and opinion within the industry suggest that there will be "a marked upturn in performance in 1981 and 1982," says a survey published by Jordan and Sons (Surreys).

A summary of current trends says more aggressive marketing by hotel groups and tour operators means that increasingly there will be a filling-out in the traditional on-off season periods throughout the year.

## British Steel to market its research services

BY DAVID FISHLICK

BRITISH STEEL is opening its £22m-a-year research and development programme, to contract work from the private steel industry and from steel-makers abroad. It plans to market such facilities as its £4m pilot steelmaking complex at Grangetown, near Middlesbrough, which was opened three years ago.

The aim, said Dr. Frank Fitzgerald, BSC's director of research and development, is to earn 12 per cent of research and development expenditure from research contracts this year. The alternative could be

to cut the research and development effort—at present absorbing about 0.7 per cent of the corporation's turnover.

About half of the 12 per cent for 1980 is expected to come from research contracts placed by the European Coal and Steel Community, leaving a balance of more than £1m to be earned from private sources.

Dr. Fitzgerald is optimistic that the "unique" Grangetown facility, with several pilot steel-making plants and a capacity to handle up to 8 tons of molten steel, can find a significant market with companies wanting to make small quantities of very special steels.

## Training review urges reforms

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

REFORMS to clear the "paradoxical blockages between education and employment, are proposed today by the Central Policy Review Staff.

The "Think Tank's" short but comprehensive review of educational, training, recruiting and employment practices strongly criticises all main parties involved.

Trades unions are accused of preserving, "often with management acquiescence," restrictive practices which perpetuate shortages of important skills even at times of high general unemployment. They prevent more efficient ways of developing the required skills,

especially in older people.

Employers are charged with failing publicly for people with a practical or "vocational" education while actually preferring to recruit those with academic qualifications.

Education and training establishments maintain a muddled, counter-productive division of responsibilities, the report says.

Training, in particular, is criticised as fragmented among a jumble of different ministries and sub-governmental agencies, and marked by a "jungle" of bewildering qualifications.

Schools are accused of deprecating vocational education in favour of vested-interest

academic subjects. Staff in universities, polytechnics and colleges are seen as disparaging part-time and evening courses—which the Think Tank favours for improving work skills—to the extent of refusing to teach in the evenings or at off-campus locations.

The Government is charged with failing to "steer" the country's training effort effectively, and with helping to perpetuate an insistence on "formal, but irrelevant" qualifications through the Civil Service recruitment procedures.

To reform the "rigid, conservative and slow" training system, the Think Tank pro-

poses the Government should gain union and employer acceptance of the principles the 1968 Donovan Commission stated: Objective standards should be laid down to judge qualifications.

A person who has attained such standards should be universally accepted, on proving that fact, as qualified and eligible for the work in question.

Apart from introductory training and further education for young people, the content and duration of courses should be determined by what is required to enable trainees to reach set standards.

Educational, Training and Industrial Performance, HMSO, 24.25.



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## SIEMENS

## Information for Siemens shareholders

## Continuance of favourable trends

The favourable trends which were expressed in a strong expansion of business during the first quarter of the current financial year continued to prevail during the second quarter. A major influence in this development was the interest shown by customers in Germany and abroad in capital equipment to replace oil-consuming facilities, save energy, and improve productivity, and in communication and data processing systems. Orders for medical engineering products were also up compared with a year ago. Since there is normally a delay of several months before any softening of the economy is reflected in demand for electrical and electronics equipment and systems, this satisfactory trend in new orders and capacity utilization can be expected to hold firm for the present.

The value of new orders received during the first half of the current financial year, i.e. from October 1, 1979 to March 31, 1980, was £4,049. This is an increase of 17% over comparable figures for the preceding year. The contribution of domestic orders to this total was £1,979, 17% more than a year ago. International business accounted for £2,070 in new orders, 16% more than in 1978/79. Included among the orders were major contracts for SF<sub>6</sub> switchgear for Canada and Saudi Arabia, as well as a power plant for Thailand with four 75-megawatt gas turbine-generator sets and a 140-megawatt steam turbine, and telephone exchanges for local and long-distance traffic.

In £m	1/10/78 to 31/3/79	1/10/79 to 31/3/80	Change
Orders received	3,478	4,049	+17%
Domestic business	1,695	1,979	+17%
International business	1,783	2,070	+16%
Sales	3,020	3,562	+18%
Domestic business	1,413	1,734	+23%
International business	1,607	1,828	+14%

In £m	30/9/79	31/3/80	Change
Orders in hand	9,338	9,615	+3%
Inventory	3,558	3,628	+2%

Sales were 18% higher than for the first half of last year, reaching £3,562. Turnover in the Federal Republic of Germany was £1,734, a 23% improvement over last year's volume.

International sales increased 14% to £1,828. The Groups showing the strongest gains were Communications, Data and Information Systems, and Components. However, the Electrical Installations Group and the Medical Engineering Group also increased their sales by a good 10%.

In thousands	30/9/79	31/3/80	Change
Employees	334	339	+1%
Domestic operations	229	232	+1%
International operations	105	107	+2%

	1/10/78 to 31/3/79	1/10/79 to 31/3/80	Change
Average number of employees in thousands	324	336	+4%
Employment costs in £m	1,441	1,604	+11%

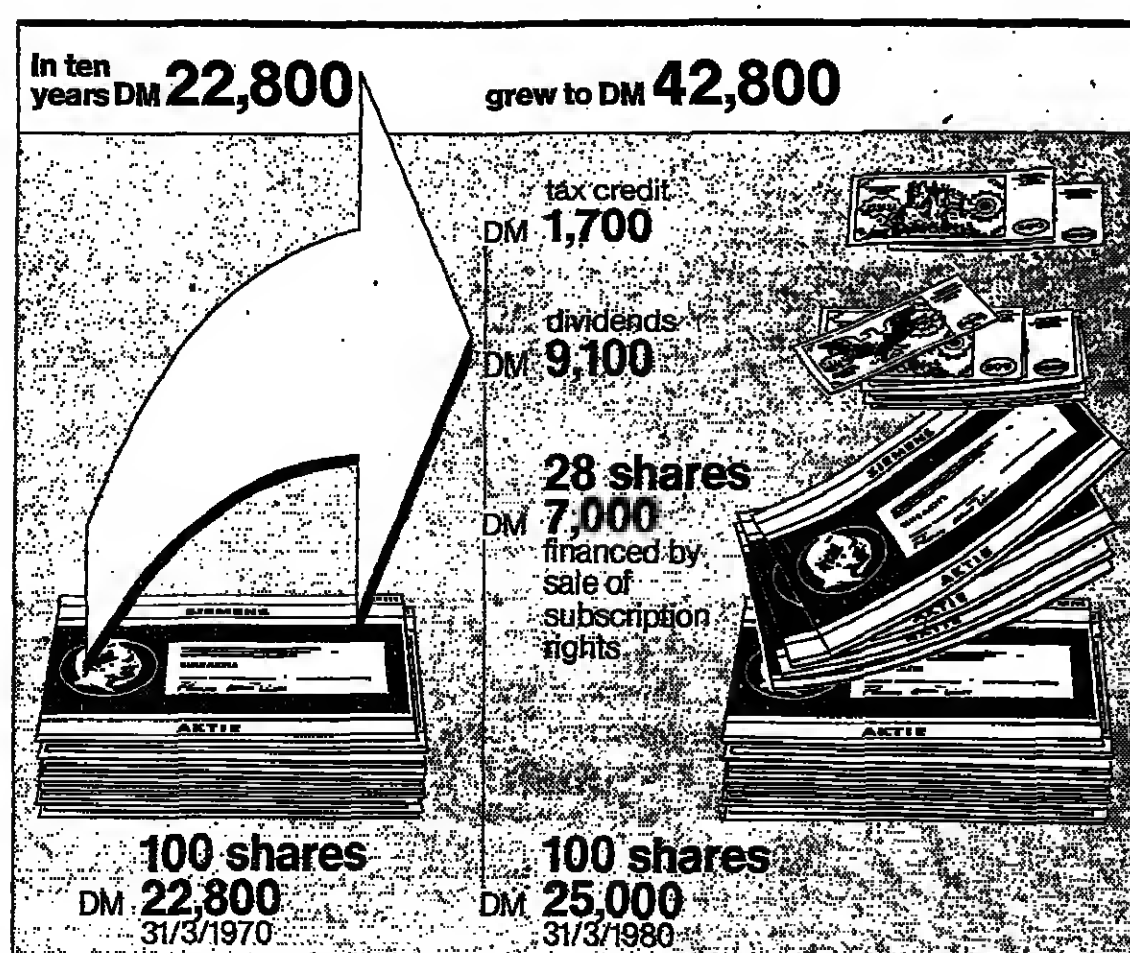
During the first half of the year 5,000 employees were added to our payrolls - 3,000 in the Federal Republic of Germany and 2,000 abroad, mainly in the U.S. and Brazil. This raised the number of our employees worldwide to 339,000, 1% more than at the beginning of the financial year.

In £m	1/10/78 to 31/3/79	1/10/79 to 31/3/80	Change
Capital expenditure and investment	157	208	+32%
Net income after taxes	65	77	+18%
in % of sales	2.2	2.2	

Capital expenditure and investment was £208 worldwide, 32% more than for the same period last year. These were invested primarily in fixed assets in the Federal Republic of Germany. Among our acquisitions abroad was Aerotron Inc., a company with 350 employees in Raleigh, North Carolina, which specializes in electronic mobile radio systems.

Net income after taxes was £77 (vs. £66 last year), which again represented 2.2% of sales.

\*All amounts translated at Frankfurt middle rate on March 31, 1980: £1 = DM 4.24.



**Siemens AG** In Great Britain: Siemens Ltd.  
Siemens House, Windmill Road, Sunbury-on-Thames,  
Middlesex, TW16 7HS

## UK NEWS

## Metro-Cammell wins bulk of £30m order

BY LYNTON McLAIN

METRO-CAMMELL Weymann has, for the first time, won the bulk of a London Transport order for 500 buses due for delivery next year.

The Birmingham bus and coach maker won the majority of the £30m order in competition with Leyland Vehicles—the truck and bus subsidiary of B.L.

A total of 519 single and double-deck buses will be supplied by the two companies.

Three hundred of the vehicles will be Metrobuses from Metro-Cammell Weymann—double the number of Titan double-deck buses ordered for delivery next year from Leyland Vehicles.

The balance of 69 vehicles will be Leyland National single-deck buses.

The latest order from London Transport—part of a programme to replace Leyland

Fleetline double-deck buses by 1985—brings the number of new double-deck buses ordered for London to 1,200.

Two-thirds of this new fleet—800 buses—has been ordered from Metro-Cammell Weymann, double the number of Leyland Titan buses ordered for the capital.

Leyland Vehicles last year decided to stop production of the Titan at the Park Royal, London works. Production is to be transferred to Worthington, Cumbria.

## Difficulties

London Transport said yesterday it does not expect to take delivery of any Titans this year despite ordering 250 Titans for delivery this year.

The production difficulties

with the Titan forced Leyland Vehicles to set its delivery of Titans to 12, which then increased as an order for Metrobuses from 200 to 300.

Metro-Cammell Weymann, part of the Laid Group, had 1,735 Metrobuses worth more than £100m on order late last month and delivered its 300th Metrobus earlier this month.

Production started in 1978 after design work began two years earlier and the company said yesterday that 17 buses a week are being completed.

As a result of this success the workforce has almost doubled at the company's Washwood Heath, Birmingham works, from 750 in 1973 to 1,400 today.

Turnover has increased by almost five times in the same period and is forecast to exceed £44m this year.

## Executive directors 'earn over £28,000'

By Arnold Krasodoff

THE AVERAGE annual salary for an executive director of a publicly quoted company in the UK is more than £28,000. In addition, most get perks such as a car, non-contributory pension and free health insurance.

Non-executive directors—outside appointees who work part time on boards—earn roughly £4,400 for attending an average of 13 meetings a year.

These statistics emerge from a survey by Korn/Ferry International, the headhunting specialist. It examined 308 companies with annual turnover of at least £10m.

The survey reveals that companies with a turnover of £10m to £50m pay their directors about £23,000 a year, slightly more than Mrs. Thatcher, the Prime Minister, earns. Larger companies pay their directors about £38,000.

Korn/Ferry also found non-executive directors were usually chosen "on the old boy network" by chairmen or directors. This confirms the view of a number of critics who say non-executive directors are not sufficiently independent of their colleagues.

Other major points were:

- The average number of directors on a board was about nine.
- Directors met about ten times a year.
- Most companies had non-executive representation, but only about two-thirds of companies allowed their own executives to stand as non-executives on other boards.

Board of Directors Study by Korn/Ferry, 24 King Street, London, SW1, price £4.

## £14m plan to extract gas from coal

BY RAY DAFTER, ENERGY EDITOR

BRITISH GAS will build a £14m experimental gas-from-coal plant at its Westfield development centre, Fife.

The corporation said yesterday the project would form part of a £300m programme designed to ensure that Britain had supplies of substitute natural gas when offshore production ended.

A new gasification process will be tried in the plant. British Gas said the unit—a "composite gasifier"—would be the first of its kind. It would use all the coal produced from a mine and not just the larger pieces. It is expected to be the most economic method yet for making gas from coal.

The corporation has applied to the European Community for a grant to cover part of the costs. Engineering and project management will be done by

Worley Engineering, part of the William Press Group.

The corporation hopes construction will start in nine months. Production of gas could start in two to three years.

Substitute natural gas will resemble the methane being produced from North Sea fields. The waste from the gasifier—a glassy material—can be used in road surfacing and brick-making.

Experiments on coal gasification started at Westfield in 1974. A number of U.S. companies are thinking of adopting British Gas technology for the commercial manufacture of gas from coal.

The corporation said if the composite gasifier experiment is a success, the technology should find a worldwide market. "Its development is being watched with interest from Europe and China."

## Dover traffic growth drops off sharply

THE GROWTH in traffic through Dover, Britain's largest roll-on/roll-off port, dropped sharply in April. The number of passengers passing through the port, which had grown by 40 per cent in the first three months of this year, went up by just 4.8 per cent.

According to Dover Harbour Board statistics for April, the number of accompanied motor vehicles fell 3 per cent to 106,822. The number of commercial road haulage units rose 3.7 per cent and other roll-on/roll-off freight (primarily imported cars) fell 29.95 per cent.

These disappointing traffic figures come against a background of a sharp increase in conventional ferry and Dover-

craft capacity on the cross-Channel routes.

The slowdown in the growth of the tourist traffic through Dover in April is surprising since the period included the Easter holiday. In February and March passenger traffic rose 55 per cent and 42 per cent respectively and tourist car traffic rose 65 per cent and 29 per cent respectively.

Despite the decrease in the numbers of road haulage vehicles using the port, the tonnage of cargo handled is up 18 per cent in the first four months of this year, which implies hauliers are loading their vehicles more heavily and cutting the number of empty vehicles passing through the port.

## RAY PERMAN LOOKS AT SCOTS SHREWDNESS

## A bold move saves the day

THE PURCHASE of Smith and Wellstood, the company which makes Esse cookers and a range of solid-fuel stoves and heaters, is a bold move by a group of Scottish financial institutions normally noted for prudence and conservatism rather than entrepreneurial radicalism.

Scottish investment managers have a reputation for shrewdness in placing the huge funds at their command, but they generally prefer to work out of the public gaze through the gifts or equity market which they can get in and out of quickly.

"We could lose a million on the gifts market and no one would ever know," one of them said this week. "But if we lose a direct investment a tenth of that size in a firm that goes bankrupt, it will be picked over in public for months."

Yet the institutions have been under pressure from Ministers—in this Government, in their own quiet way, as much as in the last—to do more to ease the acute financial problems of manufacturing companies. The Smith and Wellstood sale offered a chance to show that they were not completely divorced from the realities of industrial life and were prepared to act.

At the same time separating the firm from its parent group, the troubled Bristol-based Newman Industries, made sense. It returned control of an old-established Scottish engineering enterprise to local management which has achieved a remarkable turnaround in the past three years, and freed it from a relationship that was holding back its development.

Newman, on its plate, had never been able to give much in the way of managerial or financial support to Smith and Wellstood and this year is taking the whole of its Scottish subsidiary's 1979 profit of £105,000 in dividend.

The idea of asking financial

bouses to buy out Smith and Wellstood was organised by Mr. David Gillan, an Edinburgh accountant who is the firms managing director. A school friend introduced him to Mr. Peter de Vink of Edinburgh Financial and General Holdings, who, armed with a glowing accountants' report on the

space. Gillan opened a "griest account" into which went the proceeds of anything saleable, from buildings to redundant central heating. "It was all griest to the mill."

This process is still going on. But the results are showing. The overdraft has been halved and production is now being

## INSTITUTIONS BOOST INDUSTRY

A CONSORTIUM of Scottish financial institutions is to buy Smith and Wellstood, which makes Esse solid fuel cookers and heaters, from the troubled Bristol-based group Newman Industries.

Newman, which last week reported profits down to £278,000 before tax, compared with £6.2m a year previously, will receive £750,000 from the sale and is also taking the

whole of Smith and Wellstood's 1979 profit of £105,000 in dividends.

The purchasers are two insurance companies, General Accident and the Life Association of Scotland, Melville Street Investments, which is owned by the British Lloyds Bank and a group of financial institutions, and Royal Bank Development, the industrial arm of the Royal Bank of Scotland.

company's prospects, found little difficulty in raising the money.

Mr. Gillan joined the company three years ago at its lowest ebb. Losses were running at £60,000 a month, despite hefty Government aid in the form of Temporary Employment Subsidy, and Newman's then chairman, Mr. Alan Bartlett, was threatening closure.

It did not take Gillan long to realise that the company had lost its way. It had diversified into general engineering subcontracting for which it was unsuited and had neglected its traditional products, solid fuel cookers and heaters. A quick tour of established customers revealed that the Esse name was still in demand and produced over 100 orders.

Pressing needs were to reduce the overdraft of £600,000 and bring together production, which was scattered over 500,000 sq ft of factory

modernised and centralised on one site. Much of the unprofitable work has already been shed so that the company can concentrate again on the things it makes best.

The Esse range of cookers is being pushed more aggressively and, convinced that solid fuel will continue to grow in popularity as gas and oil prices rise, the company has introduced several new ranges of home boilers.

The Victorian Heritage range, based on original Smith and Wellstood designs, is already selling well and a modern room heater and New Bonettes have recently been put on the market. Cookers and stoves are being exported to Europe and a toehold has been established in the U.S. Sales, which reached a low point of £900,000 in 1977, are expected to make £4m this year with strong profit growth forecast for the next three years.



## Registrations of trucks fall

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE FALL in demand for commercial vehicles in the UK, which has been showing up in order books for some months, is now being reflected in the registration figures.

In April registrations fell by 9.7 per cent compared with the same month last year. According to Society of Motor Manufacturers and Traders' statistics, registrations were down 2,666 from the 24,333 of April 1979.

But April 1979, was a record month, topping the same month in 1978 by 18.6 per cent and beating the previous April peak — achieved in 1973 — by 3,000 vehicles.

In the first four months of 1980, registrations of commercials were still 3.34 per cent ahead of the same period last year at 102,289.

Importers accounted for 24.49 per cent of the April total compared with 23.28 per cent in April 1979. They gained 23.97 per cent penetration in January to April compared with 21.32 per cent in the same period last year.

So far the main impact of the gathering recession, as far as registrations are concerned, has been at the light end of the market, which is more quickly affected by economic conditions. Registrations of car-derived vans fell from 7,943 in April last year to 6,389 in 1980. The figure fell from 33,155 to

29,544 in January to April.

Registrations of purpose-built vans were down in April from 11,461 to 10,980. But over the four months sales were up from 37,216 to 44,111.

Trucks and articulated vehicles of 3.5 tonnes and over also showed a fall in registrations in April — from 8,919 to 6,123 but remained marginally ahead over the four months at 24,786 against 24,716.

In the heavy segment of the market, Leyland vehicles' four-month registrations were 4,184 compared with 4,632 in the same period last year.

Bedford, the General Motors subsidiary, also fell, from 5,134 to 3,442, possibly reflecting the production problems during the steel strike at the beginning of the year. The company is about to introduce an important new model and this might have held back registrations.

Ford, which suffered from supply shortages early in 1979, is reflecting the recovery with four month registrations of 5,706 against 3,930 in the heavy sector of the market.

Volvo remained the leading importer in this sector with registrations of 1,319 compared with 1,261 — in the January to April period. The Swedish group is being pushed very hard by Daimler-Benz of West Germany (Mercedes) with 1,278 registrations compared with 1,061.

## Gas 'remains cheaper than other fuels'

BY RAY DAFTER, ENERGY EDITOR

THE BRITISH Gas Corporation has produced new figures to show that its supplies will remain cheaper than other fuels in spite of big price increases. But the figures do not take into account increases in gas and electricity prices scheduled for later this year.

Gas consumers saw their bills rise by an average 17 per cent in April. They face further increases of 10 per cent a year in real terms in the next three years, because of a Government move designed to encourage conservation and to bring the cost of gas more in line with costs of oil and coal.

British Gas, concerned that

customers might drift away, said yesterday: "We are confident gas will remain the best buy for home-heating, even after the 10 per cent real terms increase in each of the three years beginning April 1980."

Its comparison of costs for the North Thames region shows that the bill for oil needed for hot water and full central heating in a house between 12,500 and 15,000 cubic feet would be about 63 per cent more than the corresponding bill for natural gas.

Electricity for a similar house would cost 78 per cent more than gas, and coal would be almost 39 per cent higher.

Comparison of the cost of sup-

plies to a cooker, British Gas said it typically charges £37 a year, assuming no other gas appliance is used in the home, or £15 annually if other gas appliances are used. The cost of running an electric cooker for a year would be £84. Supply of bottled gas would cost £70.

The statistics show that the cost of a main living-room fire can be more than three times lower when gas is used instead of electricity.

The running costs, based on typical consumption levels, take into account the 17 per cent gas and electricity price increases that became effective on April 1, but not those scheduled for later this year.

### COMPARISON OF FUEL COSTS\* (£)

	Gas*	Electricity	Bottled gas	Solid fuel
Full central-heating and hot water in house or flat between 3,500 and 10,000 cu. ft.	183	301	317	245
Full central-heating and hot water in house or flat between 12,500 and 15,000 cu. ft.	253	450	462	351
Cooker	37	70	84	—
Main living-room fire	64	131	106	89-99**
Storage radiator or wall-heater	55	66	—	—
Separate hot-water supply	69	187	—	—

\* For North Thames Gas region.

\*\* Assuming no other gas appliance in use.

\*\* Depending on whether house-coal or smokeless fuel is used.

Source: British Gas

## Study cites tourism as source of Ulster jobs

By John Griffiths

TOURISM could guarantee employment in Northern Ireland at a cost per job no higher than in the manufacturing sector.

According to a study commissioned by the province's Department of Commerce the cost could, in many cases, be considerably lower.

The study says tourism could be developed to handle 14m visitors a year without overloading available tourist areas.

But the report warns that visitor levels are unlikely to rise above 700,000 unless law and order are fully restored.

But Mr. Robert Hall, the tourist board's chief executive, said that in terms of visitor potential the study was based on statistics overtaken by events.

It had concluded that under existing conditions there would be a maximum 750,000 visitors a year, with "phase II"—in which numbers would reach 1m—occurring only after a return to normality.

He based his objections on growth since 1978. There were 500,000 visitors in 1977, only 8 per cent of whom came on holiday. A year later there were 628,000, with 10 per cent holidaymakers. Last year nearly 17 per cent of the 728,000 visitors were on holiday.

## Gatwick expansion plans 'vital'

BY MICHAEL DDNNE, AEROSPACE CORRESPONDENT

BUSINESSMEN and industrialists in the vicinity of Gatwick Airport, Sussex, who are opposed to expansion plans for the airport, have been criticised by Mr. Adam Thomson, chairman of British Caledonian Airways.

Several businessmen have appeared before the public planning inquiry into the proposed expansion of the airport from 16m to 25m passengers a year. They have complained about the environmental problems and the drain on available labour the expansion would cause.

Mr. Thomson told the Sussex branch of the Institute of Directors in Crawley: "This industry cannot survive without expansion. It either grows or it contracts. It cannot just stay at a fixed level because we are in competition."

He said most of industry would be drastically affected if the air transport industry was not able to deliver men, merchandise and mail from one side of the world to the other in a matter of hours.

The problems encountered with developing airports were a symptom of the national malaise in this country. "Britain is no longer 'great' because when changes are

proposed people seem only to see problems, they no longer see opportunities."

Mr. Thomson said that one of the main complaints from local industry was that the airport was paying its workers too much. Local MPs had supported this view.

"I have to admit that I do find it strange that politicians appear to be supporting those firms who cannot afford to pay the going rate for labour in 1980 against those who are helping to raise the standard of living of their constituents."

He believed the expansion of Gatwick should be used to argue for improved hospitals, new schools, new roads, more houses and more career choice for children.

● Ellerman Sunflight, the air tours operation of Ellerman Travel and Leisure, has signed a two-year time-charter contract, worth over £16m, with Britannia Airways, the independent airline.

Britannia Airways will fly Ellerman's clients on Continental holidays out of major provincial cities — such as Glasgow, Manchester, Newcastle and Birmingham—in a move to exploit provincial markets rather than London and the South East.

## 'Gobbledegook' campaign

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE National Consumer Council yesterday launched a campaign to make official forms more understandable.

Its campaign will include training seminars for Government officials who write official forms and leaflets, as well as encouraging consumers to criticise badly worded forms.

The council has published a book, called "Gobbledegook,"

which shows how forms and leaflets should be written.

Its author, Mr. Tom Vernon, says that most of the 100,000 official forms currently circulating in the UK are "crass, boring, incomprehensible, inefficient and inhuman."

But, Mr. Vernon adds: "Official forms and leaflets are more important to some people's lives than anything else they will ever read."

## UK ECONOMIC INDICATORS

**ECONOMIC ACTIVITY**—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100); retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemp.	Vacs.
1978							
4th qtr.	110.3	103.0	109	101.7	132.3	1,340	230
1979							
1st qtr.	110.1	102.6	98	100.7	134.0	1,351	234
2nd qtr.	114.8	107.1	106	106.2	144.8	1,299	256
3rd qtr.	112.8	103.9	99	98.5	144.6	1,269	247
4th qtr.	112.7	103.7	106	101.7	151.9	1,286	230
Nov.	114.1	105.3	114	102.5	153.2	1,282	224
Dec.	112.1	103.5	103	101.7	153.1	1,294	219
1980							
Jan.	111.4	101.5	103.1	155.5	1,339	207	
Feb.	110.2	100.5	104.1	158.7	1,414	181	
March	108.9	98.1	103.0	159.9	1,414	181	
April					1,458	169	

**OUTPUT**—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mfg.	Textile Housg. etc.	starts*
1978							
4th qtr.	105.8	97.3	121.9	97.9	100.2	102.2	20.3
1979							
1st qtr.	105.9	99.2	127.1	98.8	98.4	100.0	12.9
2nd qtr.	108.6	103.0	133.0	102.7	110.1	102.9	21.5
3rd qtr.	105.6	96.2	132.2	94.9	103.5	100.2	21.0
4th qtr.	104.3	101.8	129.8	98.1	100.9	94.9	18.1
Oct.	105.0	98.0	130.0	96.0	102.0	96.0	20.5
Nov.	106.0	103.0	132.0	101.0	103.0	97.0	19.2
Dec.	104.0	102.0	128.0	100.0	98.0	93.0	14.6
1980							
Jan.	106.0	101.0	128.0	100.0	65.0	94.0	13.2
Feb.	105.0	102.0	129.0	100.0	59.0	92.0	11.4
March	103.0	97.0	124.0	95.0	67.0	88.0	12.3

**EXTERNAL TRADE**—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US\$bn*
1979							
1st qtr.	109.0	116.9	-1,583	-1,215	-235	107.0	16.78
2nd qtr.	135.3	128.9	-486	-51.0	-229	100.4	21.69
3rd qtr.	129.8	128.1	-493	-258	-158	105.8	23.18
4th qtr.	129.3	128.9	-745	-674	-157	103.7	22.54
Nov.	131.8	125.8	-76	-51	+ 27	104.1	22.42
Dec.	131.3	131.2	-252	-229	+ 88	102.6	22.72
1980							
1st qtr.	121.5	126.7	-723	-573	-126	100.7	24.87
Jan.	120.9	128.3	-321	-271	-74	100.9	23.71
Feb.	136.8	129.1	-226	-176	-52	100.6	23.93
March	127.8	122.8	-176	-126	0.0	100.7	26.96
April	127.0	127.5	-264	-214	+ 44	102.0	28.01

**FINANCIAL**—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Advances %	DCE £m	BS Inflow	HP lending	MLR %
1979							
1st qtr.	7.6	9.3	32.6	+1,525	777	1,581	13
2nd qtr.	9.7	17.2	28.5	+2,707	777	1,807	14
3rd qtr.	15.5	10.2	12.2	+2,400	822	1,879	14
Dec.	8.1	12.6	16.2	+ 390	161	583	17
1980							
1st qtr.	-2.3	9.6	25.4	+1,889	634		17
Jan.	-8.1	8.7	22.6	+ 777	235	668	17
Feb.	-6.4	10.0	20.7	+ 271	199	687	17
March	-2.3	9.6	25.4	+ 709	200	635	17
April	-2.5	5.3	19.1	+ 671	266		17

**INFLATION**—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings	Basic matls.	Wholesale mfg.	RPI*	Foodst.	FT commodity	Stdg.
1979							
1st qtr.	144.2	153.4	161.6	208.9	218.8	268.88	64.0
2nd qtr.	147.3	163.3	168.0	216.5	225.2	293.55	67.4
3rd qtr.	154.2	169.9	176.4	231.1	231.9	301.66	71.0
4th qtr.	161.7	183.9	181.8	237.6	237.2	295.13	68.8
Nov.	162.1	186.0	181.6	237.7	237.0	297.22	68.4
Dec.	165.1	187.5	183.4	239.4	239.9	295.13	69.7
1980							
1st qtr.	197.6	191.5	208.3	247.5	247.5	284.47	72.4
Jan.	163.0	192.5	188.5	248.3	244.8	308.69	71.4
Feb.	167.3	197.6	191.5	248.5	246.7	304.27	73.2
March	172.6	206.5	194.4	252.2	251.1	284.47	72.6
April		201.5	197.1	250.3	254.1	275.67	72.6

\* Not seasonally adjusted.

The effect is shattering isn't it?  
But it's the sort of thing that happens  
all too often in factories in this country.  
When not enough thought is given to the  
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## UK NEWS — PARLIAMENT and POLITICS

## LABOUR

## Call for new poll on EEC membership rejected

By Ivor Owen

CLAIMS THAT, given the opportunity of another referendum, the British electorate would now vote to leave the EEC, failed to win endorsement from the Commons yesterday.

After being almost submerged by the boisterous vocal support accorded by the anti-Marketeers to Mr. Dennis Canavos (Lab., Surlingham, Wiltshire) who sought leave to introduce a Bill providing for a new referendum, the pro-Marketeers triumphed in the lobbies.

With just under half the House taking part in the division, the symbolic importance of the vote was underlined by Mr. Russell Johnston (L., Inverness), who led the Opposition to Mr. Canavos.

He declared: "If this Bill is accepted, it will be taken as a clear sign that this House has turned its back on the European Community."

Mr. Johnston, persistently heckled by the anti-Marketeers as he restated his unwavering commitment to the European ideal, argued that if MPs were to turn their backs on the Community, it would be a profoundly negative act.

He insisted: "The plain fact is that we have never really tried to make the Community work."

Mr. Canavos countered that there had been a substantial switch of opinion since the 1975 referendum when 42 per cent of the electorate voted in favour of Britain remaining a member of the EEC.

He recalled that a recent Gallup poll published by the Sunday Telegraph indicated that if a fresh referendum were to be held, 59 per cent of the British people would vote to "get out" of the Community.

## Obligatory origin markings

THE GOVERNMENT is to make it compulsory for a wide range of consumer goods—including imported clothing, textiles, footwear, domestic electrical appliances and cutlery products—to be marked with their country of origin.

Mrs. Sally Oppenheim, Consumer Affairs Minister, said yesterday that the statutory orders enforcing origin marking would be laid before Parliament in the Autumn and come into effect within the following 18 months.

## Inquiry into public pensions

By JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A DETAILED announcement is to be made very soon on the setting-up of an independent inquiry into index-linked Civil Service pensions. Mr. Paul Channon, Minister of State for the Civil Service, told the Commons yesterday.

Although he did not give a date, it was anticipated at Westminster that the statement would be made today, before the House rises tomorrow for the Whitsun recess.

Mr. Channon promised that the inquiry would start work as soon as possible after the announcement.

He was answering a question from Mr. Jack Bruce-Gardyne (C., Knutsford), one of the Tory backbenchers who has been putting heavy pressure on the Government to alter index-linking.

Many Tory MPs have complained at the disparity between inflation-proofed Civil

Service pensions and those of people in the private sector, where companies cannot afford index-linking.

Mr. Bruce-Gardyne complained that it seemed to have taken the Government a long time to tackle the problem.

He reminded the Minister: "This Party was committed to the proposition at the last General Election that arrangements for indexing public service pensions should be on the basis of comparison with the situation in the private sector. We are very far from that at the moment."

Mr. Channon replied that by putting down a question Mr. Bruce-Gardyne had activated the Government's mind with great rapidity. He predicted that the MP would have a very happy Whitsun recess when he saw the details of the inquiry.

Mr. Hugh Dykes (C., Harrow East) said that with the recent increase in inflation it had been

calculated that it would cost £500,000 to provide an index-linked pension comparable to that of a senior civil servant. "Isn't it that which sticks in the gut of the public?" he asked.

Mr. Channon told him that he did not recognise that particular figure, but it was the sort of thing the inquiry would wish to consider.

In other exchanges, the Minister said he was satisfied with the operation of the pay research unit, which provides these statistics on which civil service pay-increases are based. The work of the unit has come under increasing fire from some Tory MPs, who have protested at the scale of public sector wage settlements.

Mr. Ray Whitney (C., Wycombe) urged the Minister to look again at the operation of the unit. He claimed it had resulted in high level of Civil Service salaries.

In addition, it had made it more difficult to achieve reasonable settlements in the private sector. But the Minister told him that he did not think this was the fault of the pay research unit. Many of these were settlements to which the Government had applied the strong discipline of 14 per cent cash limits.

Mr. Ian Wigglesworth, Labour spokesman on Civil Service Affairs, asked the Minister to comment on Press reports that the Government was going to look again at the system of fair comparison for Civil Service pay.

Mr. Channon replied that he could neither confirm nor deny them.

The Minister later emphasised that the system of pay comparability had been in existence over a long period, and to change it would be quite a major decision.

## Labour peers challenge plan to abolish Lords

By PHILIP RAWSTORNE

LABOUR PEERS yesterday challenged the party's controversial plan to abolish the House of Lords by publishing their own proposals for a reformed second chamber.

The issue may now provoke renewed debate at the Labour Party's one-day conference at Wembley on May 31.

Lord Pearl, Labour leader in the Lords, made it clear yesterday that intense efforts would be made to persuade the party to abandon its commitment to abolition in favour of the reform proposals.

"I think if abolition is put to the country in a General Election campaign it would be disastrous for the party," he said.

Lord Lee of Newton, a former Cabinet Minister and chairman of the committee of Labour peers which has drawn up the reform programme, suggested that the future of the Lords should be decided by a referendum.

Any other course was likely to create a serious constitutional crisis, he said.

Lord Lee presented his committee's proposals as an "evolutionary but efficient" compromise between abolition and the Conservative plan for a second chamber with great powers elected by proportional representation.

The Labour peers recommend that:

● Membership of the second chamber should be confined to life peers, peers of the first creation, law lords and bishops.

Hereditary peers would lose their right to a seat, but would be eligible for nomination as life peers.

● A body of about 250 peers would be given the vote. They would be selected by the parties and would reflect party balance in the Commons. Provision would be made in the Opposition to complement for independent crossbenchers.

Non-voting peers would be able to take part in every aspect of Lords' business except divisions.

● Nominees for life peerages would be listed by a Select Committee of the Commons

chaired by the Prime Minister, who would submit a final selection to the Queen.

● The delay to a Bill resulting from disagreement between the two Houses would be reduced. After such a measure had been returned to the Commons a second time, it would become law on a simple resolution of the Commons.

The Lords would retain its powers to reject any Bill to extend the duration of a Parliament.

But the Commons would be given powers to over-ride the Lords on private Bills and subordinate legislation.

## Chunnel proposal

By LYNTON McLAINE

THE ANGLO-DUTCH-German-French consortium which has plans for five types of Channel tunnel, wants to form a joint company with British Rail and French Rail to build the cheapest — £539m — tunnel option, MPs were told yesterday.

The European Channel Tunnel Group, which includes Costain and the Royal Bos Kalle Westminster Group, said the joint company would be responsible for planning and supervising the building of the tunnel.

The group of civil engineering companies would withdraw from the joint venture once the tunnel was fully operational.

Sir David Nicholson, the vice-chairman of the group, told MPs on the House of Commons Select Committee of Transport, which is inquiring into the possibility of a fixed cross-Channel link, that a tunnel could be operational seven years after the political decision to go ahead.

He said the proposed joint venture company with British Rail and French Rail would be based on a small equity—about 15 per cent—stake held by the railways and the tunnel group. The balance would be in the form of a loan from a consortium of banks with 30 per cent coming from the EEC if possible.

## S. Wales collieries may close

By Robin Reeves, Welsh Correspondent

SIX SOUTH WALES collieries employing some 4,200 men will need to be closed in the near future to cut the coalfield's mounting financial losses, Mr. Philip Weekes, the NCB's Welsh director, told the Commons Select Committee on Welsh Affairs yesterday.

If the NCB was unable to renew its special subsidy on coking coal at the end of this year, he assumed BSC would switch to cheaper supplies and a further six pits employing another 4,200 men would also have to close.

Mr. Weekes himself believed a further subvention would be found, to avoid this. But he had ordered a special review of the 12 highest cost collieries—nine of them coking coal pits—which between them were losing up to £20 a tonne or a total of £35m a year.

They are the great Albatross around the neck of the South Wales coalfield, he said.

Mr. Weekes reckoned that of the 4,200 miners' jobs at immediate risk, some 1,600 could be redeployed at other collieries in the neighbourhood. But the retention rate would drop sharply if the number of closures had to be higher.

Mr. Leo Abse, the committee's chairman, asked Mr. Weekes why he had forecast last December as many as 20 pit closures and 15,000 mining redundancies in South Wales. Mr. Weekes said the position had been relieved, at least temporarily, by the special coking coal subsidy and an unexpected increase in the CEB's offtake of power station coal, up 800,000 tonnes.

## TUC to review its role, structure and functions

By CHRISTIAN TYLER, LABOUR EDITOR

THE TUC is to review its structure, services and functions, and examine its power relationship with individual unions.

Central to the review, the biggest for nearly 60 years, will be the TUC's role as bargaining agent with Governments in social, industrial and economic matters.

Following failure of the latest attempt to introduce proportional representation to the TUC General Council, no great change to the governing body is envisaged.

But it was confirmed yesterday that the number of seats reserved for women will be raised, from two to five, as an act of "positive discrimination" reflecting growth in female membership.

A report will go to the 1981 annual Congress. The 112 affiliated unions, representing more than 12m members, will

be asked to put forward ideas. The review will include union mergers, structure of unions, the TUC's own policy committees, industrial committees, and the regional network.

Outlining the programme after yesterday's monthly TUC General Council meeting, Mr. Len Murray, general secretary, said account would be taken of social developments such as the greater "education and competence of working people these days."

A new form of democracy was evident which posed a challenge to modern leadership. Account would also be taken of trends such as the growth of trade unionism in professional and technical fields.

Asked if a more powerful TUC would result, he said: "Power is an illusion. The power absolutely depends on what the members are prepared

to do themselves in developing the nature of the trade union movement."

But this was quite compatible with a leadership which could argue and fight for common causes. The TUC was not the monolith which many commentators assumed it to be.

There was a "double movement" at work—the tendency of wage-bargaining to go down to the shopfloor, but also the development of negotiation with Governments. "It's a question of vision from our members the right to speak and bargain on their behalf."

The review stems from a resolution from the National Union of Railwaymen, seconded by the white-collar ASTMS at the last Congress. This was developed at a recent Sunday meeting of the TUC's finance and general purposes committee.

## UPW rejects move to block technology

By NICK GARNETT, LABOUR STAFF

AN ATTEMPT to block the introduction of new technology in Post Offices was rejected yesterday by the industry's biggest union.

The annual conference of the Union of Post Office Workers (UPW) in Blackpool turned down by 7.5 motions calling for a new full-scale union review of the impact of mechanisation.

A review would have meant that new mechanisation—including coding desks and letter sorting machinery—would have been resisted by the union in all cases where there was no clear evidence of benefit to the staff and public.

But the executive was successful in appealing to delegates that such a move would not only be damaging to the postal service, but would cut across existing agreements with management.

These agreements cover the introduction of certain types of equipment into the 1980s.

"The credibility of our union would be shattered" if new mechanisation was held up in this way, Mr. Bill Wolfenden, union assistant secretary, told the conference.

Posting of these items will be done in existing working hours.

likely that optical character recognition (OCR) would be forced into offices he said.

Optical character recognition, which is under trial by the Post Office, involves the use of equipment capable of reading post codes and printing codes marks on envelopes—they can be processed by high-speed sorting machinery.

Mr. Wolfenden reaffirmed, however, that there would be a full debate in the union before there was any agreement to the introduction of OCR.

Fending off changes to its policy on mechanisation follows the executive's success earlier this week in securing agreement from delegates to the introduction of local productivity deals.

The largest Post Office union agreed yesterday to operate a national unaddressed mail service for the first time. It will give an improved service for clients such as private companies and local authorities.

The annual conference of the Union of Post Office Workers in Blackpool accepted proposals that the scheme, to operate from July, will provide postmen with an extra 1p per item posted.

Posting of these items will be done in existing working hours.

## TASS may take legal action against merger

By ALAN PIKE, LABOUR CORRESPONDENT

TASS, the white-collar section of the Amalgamated Union of Engineering Workers, will take legal action if necessary to protect its position in the AUEW umbrella organisation.

This was agreed by delegates to the TASS conference at Bournehead yesterday, after a private session in which they considered the latest stage of the long AUEW amalgamation problems.

Two of the union's three minority sections—foundry and construction—are trying to make the loose, federal AUEW structure into a complete amalgamation by transferring their members to the dominant engineering section.

TASS will not do the same because of constitutional differences, mainly over the election of officials. The problem is compounded by the sharp political division between the Left-wing TASS leadership and

the Right-wing engineering leaders.

There are fears among TASS members that the moves to integrate the other three sections will seriously undermine their position.

Mr. Ken Gill, TASS General Secretary, said at yesterday's debate legal action suggested the union's position under the 1970 rules was endangered by the new merger arrangements.

TASS did not want to prevent a closer merger of the three manual sections if this was the wish of their members, but was concerned to protect its own position.

Some TASS conference delegates had favoured the union seeking an alternative amalgamation, possibly with the Transport and General Workers' Union, the Amalgamated Society of Boiler-makers or another white collar union, said Mr. Gill.

## Alternative steel plans

By OUR LABOUR EDITOR

THE TWO steel production unions are preparing a detailed commercial case for halting—or at least minimising—the rundown of the British Steel Corporation. Their alternative strategy, prepared with the help of university academics, is intended for Mr. Ian MacGregor, the new chairman of BSC, who has yet to meet union leaders.

Mr. Bill Sims, general secretary of the Iron and Steel Trades Confederation, said yesterday he wanted to fight the closure programme, but would only do so if other unions also fought.

But the unions' position has already been undermined in

South Wales, where a local agreement has been reached for the rundown of Port Talbot, with the loss of 6,000 jobs, despite protests from the Wales TUC and the miners—whose jobs are threatened in consequence.

Mr. Sims said he did not know whether he would endorse the agreement until he had seen it. No union official had yet signed.

The main demands of the alternative strategy are for an immediate capital reconstruction and revaluation of fixed assets; State support equivalent to that enjoyed by non-steel companies; better operating techniques; and an aggressive sales policy.

## No Rayner co-operation

By PHILIP BASSETT, LABOUR STAFF

EXECUTIVE GRADE civil servants yesterday decided to refuse all co-operation with the efficiency exercise being carried out in the Civil Service by Sir Derek Rayner, unless there was full consultation with staff on any proposals before decisions were taken by Ministers.

The decision of the Society of Civil and Public Servants' annual conference in Portsmouth could set the union directly against the wishes of

the Prime Minister, who has made clear her firm support for the Rayner exercise since its inception last June.

Delegates argued that it was now clear the issue of the Rayner exercise would have to be tackled by the union. Mr. David Price, from the Manpower Services Commission, said the two Rayner reports on the MSC had shown that the intention of the exercise was to make cuts rather than to eliminate waste.

## Nurses to consider industrial action

Financial Times Reporter

THE ROYAL College of Nursing, Britain's leading nursing union, yesterday rejected overwhelmingly to consider changing its rules to allow industrial action for the first time in its 64-year history.

The union decided at its annual congress in Harrogate to ballot 165,000 members on a proposed rules change.

Its decision follows anger at the doctors' 30 per cent pay award—totaling £2,000. Nurses have been limited by Government cash limits to 14 per cent—just £800.

Delegates stressed in a two-hour emergency debate that industrial action might be the only way to protect patients against present disastrous staff shortages becoming even worse.

Nurses would continue to leave the profession for better-paid jobs unless their pay—and status—were raised.

But Miss Catherine Hall, the RCN's general secretary, said the union was not yet thinking of all-out strike action.

"What is being talked about is selective industrial action carefully thought out to safeguard the interests of patients," she said.

Mr. Mike Travers, of the students' national committee, suggested one form of action might be for student nurses to refuse to leave in charge of wards.

RCN's could also refuse to use their own cars for work.

Last year the union decisively rejected a similar move to allow industrial action. The decision was applauded by the then Leader of the Opposition, Mrs. Margaret Thatcher, who said that in return a way should be found to ensure that nurses' pay never again falls below the general level of earnings.

Yesterday nurses sent a telegram to Mrs. Thatcher demanding that she demonstrate her sincerity.

## Extra pay bid by farm workers

By Pauline Clark, Labour Staff

AGRICULTURAL workers are claiming another pay rise—less than four months after their last annual settlement gave them increases of between 19½ and 24½ per cent.

In what is believed to be the first interim pay claim to be lodged by a union in the National Union of Agricultural Workers has asked for more money to compensate for the effects of inflation on its previous award.

Mr. Jack Boddy, general secretary, declined to specify the size of increase demanded but the union's biennial conference last week was dominated by calls for the gap between average wages in industry and those in agriculture to be closed.

The difference is claimed to be at least £20 a week.

Under the settlement which came into effect on January 21, the country's 200,000 agricultural workers received a £58 minimum for a 40 hour week following a claim for £100 minimum for a 35-hour week.

Local government union leaders were warned yesterday that local authorities would have only the cash to pay for an average 7.5 per cent pay rise in the coming year.

Mr. Jack Smart, who next week becomes chairman of the Association of Metropolitan Authorities, said in Eastbourne that 200,000 to 300,000 jobs could be at risk if wage settlements exceeded cash limits.

## The ladies like truth—the starker the better

JOHN BIFFEN, chief gloom merchant to Her Majesty's Government and inventor of "three years of unparalleled austerity," yesterday came up with a new forecast of the horrors ahead. The country, he said, faced a "protracted winter of discontent."

Since he did not specify exactly what he meant by "protracted," it was not immediately clear whether this was an improvement on three years of austerity or not. But as far as his audience of Conservative ladies was concerned, it had the ring of truth about it. And they like truth: the starker the better.

By the time Mr. Biffen had finished telling them about the way a glimmer of sunshine next year was likely to be overshadowed by clouds of

political discontent, they seemed ready to go out and buy their shirts of their own.

Throughout the two days of the Conservative Women's Conference, delegates have been fed a steady diet of reality. Barely a promise has crept onto the agenda. Yesterday, it was the Treasury's turn.

Sir Geoffrey Howe brought along his entire ministerial team to answer questions which, by comparison with those usually asked at Conservative conferences, were almost frank.

"What I asked one disembodied suburban voice from the back of the hall like the ghost of elections past, 'can I tell people on the doorstep who ask me about inflation?'"

That was Sir Geoffrey's cue to explain yet again how things are going to get worse before they get better, and that pay restraint is essential.

Tax relief

The applause was only lukewarm, possibly because the delegates had read it all before one of those briefing sheets which Conservative Central Office sends out each week, and which only the day before, Lord Thorneycroft had been urging them to read.

As Sir Geoffrey said, the questions showed the pressures he is under from the Party at the Treasury. Tory women, it seems, are all in favour of reducing public borrowing, in much the same way as they would be in stamping out germs, but they do not necessarily see the connection between this and protecting the Government's existing sources of revenue.

Surely, they asked, there was a case for raising the existing tax relief on mortgages, and what about the relief on the cost of child care for working mothers?

John Biffen, who is suspected of secretly wanting to commit the cardinal Conservative sin of scrapping mortgage relief altogether, sat throughout with his chin jutting defiantly out as if challenging anyone to knock him of course. It was left to Mr. Peter Rees, the Treasury

Minister with particular responsibility for taxation, to deal with the question.

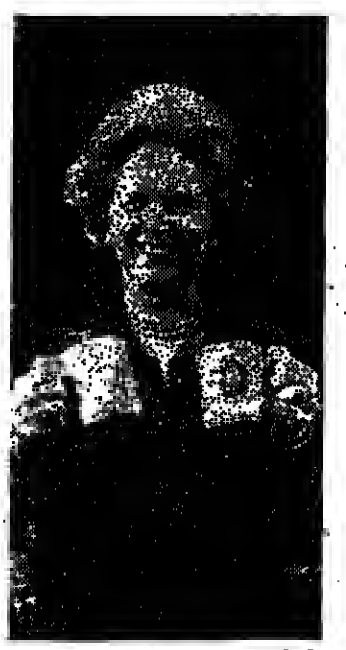
Mr. Rees, who looks like one of those competent bank managers who everyone would like to have in their cupboard, gently pointed out that the party had to consider whether it in fact wanted to encourage people to put their savings into housing, or whether they should not be encouraged to put it into more productive forms of investment.

Activists

Since "productive" is, by definition, a good word in Conservative circles, Mr. Rees got his round of applause. But it was left to Mr. Nigel Lawson, the Treasury's very own SAS man to field the really difficult question about rates.

Conservatives throughout the country feel very strongly about rates and are convinced—wrongly, as it happens—that the party is committed to abolishing them.

Nigel Lawson demolished any such hope with the speed of a trained killer. There was a definite pause before the



Mrs. Thatcher after concluding her rallying cry to the faithful.

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# Technical Page

## SERVICES

### Survival kit for money men

AIMED AT commercial organisations that export and import extensively, and at international and multinational companies, is a time-sharing computing system for foreign exchange dealing called Centrex, devised jointly by Henley Centre for Forecasting, and Comshare.

In an era of fluctuating exchange rates, oil surpluses and universal but internationally variable inflation, the system is designed for use by treasurers' departments to provide them with facts and allow convenient analysis and control to take place in foreign currency transactions, notably in terms of qualifying risks. The system provides extensive facts and figures, allows analysis and simulation to be performed, and produces reports.

Spot exchange rates for 17 important countries are kept in the database; the data goes back to 1967 and is updated daily. All combinations of implied cross-rates can be obtained directly, and forward rates are based on a daily basis from 1978 and at weekly or monthly intervals back to 1967. Also immediately available are money market interest rates and the principal economic indicators for each of the countries.

The user, armed with a simple keyboard/quiet printing

unit can obtain all the data at a touch of a button.

Centrex permits detailed analysis of any part of the information for any of the available countries over any time scale. For example, the system can show averages, moving averages, percentage change and other trends with time and can also compute statistics such as variance and standard deviation. Search routines will find maximum and minimum values over a specified time period and there are also extensive plotting routines in which up to nine variables can be plotted at the same time over the desired time period.

Of particular interest is the simulation facility, which enables the user to produce projections of exchange rate movements on the basis of his own assumptions on the future course of interest rates and inflation rates in the relevant economies.

Several kinds of report can be produced, providing information in convenient form otherwise available only from widely scattered sources.

More from Comshare, 32 Great Piper Street, London, SW12 2DE (01-222 5685), or from Henley Centre, 2 Tudor Street, London, EC4A 0AA (01-353 9961).

## METALWORKING

### Pipes bent fast and at low cost

INDUCTION HEATING in the bending of pipes has been successfully applied by Gregson Pipework of South Shields.

This company has shown that with induction bending, pipe-work engineers are afforded more flexibility of design, completion times are shorter, the process is cost-effective and ensures overall higher quality and superior strength integrity.

Simply stated, induction bending involves the heating of pipes by the eddy current effect of an induced electrical current. The tube to be bent is passed through an induction coil, where a narrow band of the tube is raised to forging temperature, whilst the remainder is maintained cool by air and water cooling coils.

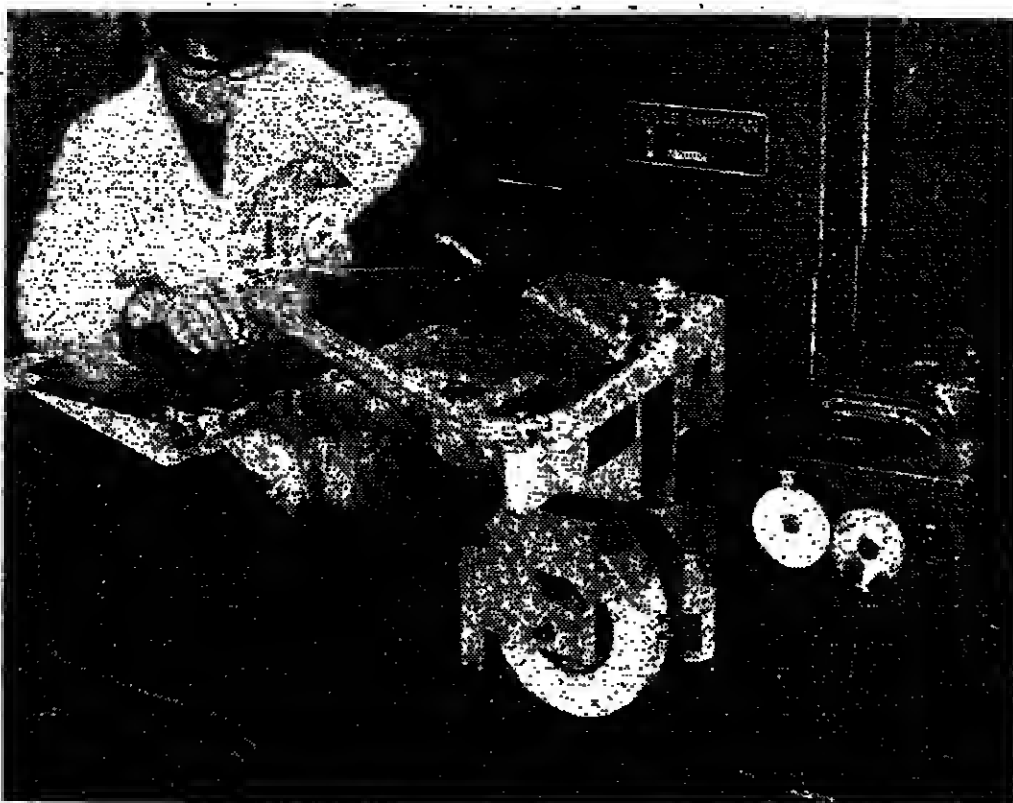
The process requires no filling with sand, or the use of internal mandrels or external dies. Moreover, the quality of

the tubing is irrelevant as the induction coil does not contact the pipe. Outside diameter and wall thickness tolerances can be extremely wide. Even rolled and seam-welded tube can be processed as successfully as solid drawn tube.

The company has demonstrated that finished bends in tight radii can be consistently produced within the tolerances for ovality and wall thinning required by the most demanding users.

Bending times are equivalent to cold machine bending and are considerably less than fire-bending or welded fabrication times. The process is consequently cheaper than either of these techniques.

Gregson Pipework, 30 Commercial Road, South Shields, Tyne and Wear, NE33 1RW. 0632 533694.



Diaform has added the above design to its range of form-grinding equipment. Model 5/50 is for forming wheels up to 2 ins in width on surface, broach and cutter grinding machines—the maximum depth of form being 1 in. It is the first time that a user, with the Diaform system will be able to form a wheel of this width using the convenient 10:1 ratio between

template and finished form. This ratio simplifies the interpretation of drawings and the wheel-forming operation generally. The new model, available worldwide from Diaform agents, is for use on all standard grinding machines. Diaform, Arundel Road, Uxbridge Industrial Estate, Middlesex.

## ENERGY

### Stainless future in hot water

U-FAB has standardised on the manufacture of its Beaumont heating system in stainless steel—previously offered as an option for soft water installations.

Based on a direct firing design, the Beaumont allows up to 80 per cent savings in annual water heating costs to be realised, while, as a relatively inexpensive system for large installations, its capital cost can normally be recovered within the first or second year of installation. Typical applications include hospitals, schools, office blocks, hotels and factories.

Key to efficiency is the direct-firing concept, the heat exchangers running through the water to be used, eliminating

any secondary system or extensive pipework between boiler and stored hot water to dissipate heat.

As the widest component, a standard cylindrical 455 litre steel module, is only 770 mm long, assembly on site is quite feasible thus avoiding new building work on existing boiler houses. The standard Beaumont range uses between two and five modules, the internal surfaces being treated with a protective plastic coating.

Heat is retained by a 50 mm layer of insulation under an aluminium jacket. Twin burners—affording a 50 per cent standby—are located at the front for ease of access.

## COMPONENTS

### Protecting the electric motors

MICANITE and Insulators Company (M & I), part of the GEC Group, has been awarded a contract by the Electrical Technology Requirements Board to assist in the development of metal oxide varistors and surge diverters.

M & I is already marketing in the United Kingdom the range of Conox varistors made by the West German company, C. Conradt and Co. These Conox varistors are used for suppression of transients in various electronic and light electrical applications.

Under the new contract, M & I will be developing surge diverters for higher current applications, particularly for use in the power engineering industry for protection of motors, generators, transformers, switchgear, etc.

The first product to be developed under this contract is now being launched. It is a range of surge diverters with rated voltages of 3.3, 6.6 and 11kV intended primarily for use with vacuum contactors.

Each diverter contains a number of metal oxide varistor

elements which are so highly non-linear that the need for series spark gaps is obviated thus providing a diverter which is less expensive and potentially more consistent than a conventional diverter would be. In each case, the diverter provides a surge protection level of approximately twice the system working voltage, with a 10A discharge.

M & I Company is at Westinghouse Road, Trafford Park, Manchester M17 1PR. 061 872 2431.

## COMPUTERS

### Japanese micros for Britain

LATEST company to enter the microprocessor arena in the UK is Memory Computers, headed by Graham Barrett, former managing director of London United Computing Systems who, during his service with that company was instrumental in bringing in a link with the most powerful machine in the world, a Cray.

His move from the massive to the microscopic will bring into Britain the System 7000 micro developed by Sanyo (of France).

It is intended primarily for the small business user and comes in a package with up to 4 Megabytes of floppy disc capacity and a choice of printer with 80, 120 or 160 characters per second.

One of the first micros from a major Japanese maker to be

launched on the UK market, it has been available in France since last year and has captured some 20 per cent of the market in its target area with some 800 installations.

This equipment is beginning to penetrate into the German, Dutch and Italian markets and Barrett proposes to emulate the speed of advance attained in France by setting up a chain of distributors in the UK.

Basic and Assembler are available, with Fortran, Cobol and Pascal as optional extras.

Memory Computers (UK) is a subsidiary of Memory Ireland, a Dublin-based computer services company which recently acquired the London bureau Target Computer Services.

Further details on 01-836 5342.

### Applications simplified

SPL INTERNATIONAL has released a micro development facility named MAGIC, to overcome the lack of development and testing facilities on micros, and the lack of portability in software.

MAGIC is based on a multi-access DEC PDP 11 with fast peripherals and ample backing store. The software is written in RTL/2—a standard high level real time language which is totally portable across minis and micros.

It allows a logical system to be developed entirely independently.

Once the system modules have been built and tested on the host computer, they are automatically loaded into the attached micro. The program-

mer, while still sitting at his mini terminal, can then test the target micro system in real time using the high level symbolic debugging package. The programmer can thus design the real system, develop it on the mini and test it on the micro, without recourse to simulation.

The fully tested modules make up a stand-alone system, and the user can include MAGIC's communications software so that, while it is being used, remote on-line monitoring of the customer's system can be carried out from the support office. SPL International will supply complete hardware and software packages, or for current PDP users, the software alone.

SPL on 01-836 7833.

### More data on the spot

A FIVE-INCH (127 mm) cathode ray display is offered as an option with Hewlett-Packard factory data terminals, formerly obtainable only with one-line LED readouts.

The new CRT available for HP 3075 and HP 3076 data capture terminals, displays up to two pages of information—one page of 16 lines with 32 normal size characters per line and one page of eight lines of 16 large size characters. The large character-size mode and special anti-reflective screen ensure easy reading, even when terminals are in brightly lit locations and the option adds under £500 to the total cost.

Hewlett-Packard data capture terminals, first introduced early in 1979, offer the choice of a single-line alpha-numeric LED display, a multi-function reader of Type III punched badges, punched or marked

cards, a Type V badge reader, and a built in alpha-numeric strip printer. The new CRT option can be fitted onto a desk-top HP 3075 or a wall-mounted HP 3076 terminal. By expanding the amount of information with which the computer system can respond to factory ability to accomplish assigned users of the terminals, the tasks on the factory floor can be improved.

Hewlett-Packard, 308 King's Road, Reading, Berks. 0734 61022.

## COMMERCIAL WATER RATES

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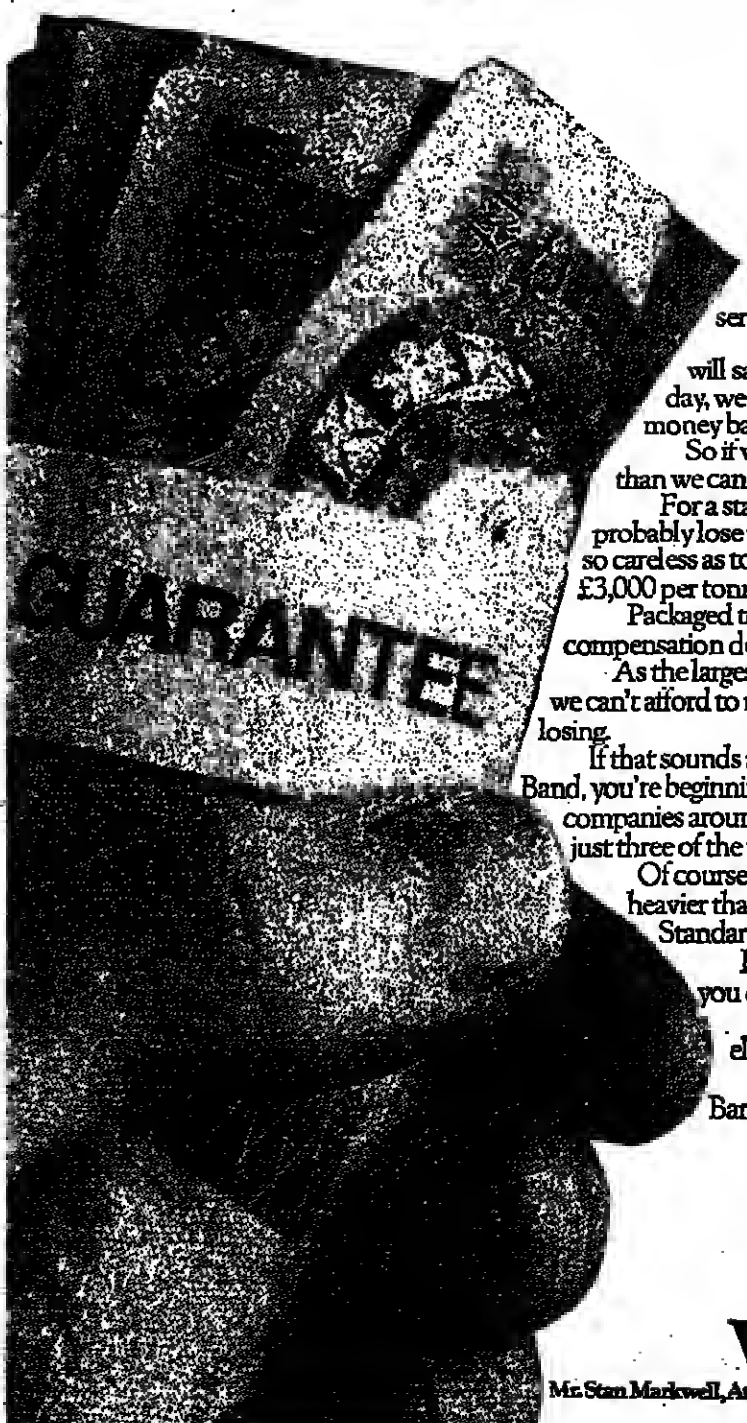
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## How the Landey buy fits Geers' grand strategy

BY ALAN FRIEDMAN

IT WAS a British invasion with a peculiar twist. Geers Gross, the smaller of Britain's two major advertising agencies, launched a campaign this week to expand its share of the U.S. market.

The acquisition for \$2.3m (£1m) of the Martin Landey Arlow group in New York is designed to increase U.S. business and bring total Geers Gross billings to more than \$125m (£50m). On top of the group's 1978 Manoff acquisition in New York, this could rank the agency among the top 40 in the world, it claims.

But Bob Gross, the founder of Geers Gross, is anything but British. Although he has spent nearly 20 years in London, he comes from Brooklyn. His accent is solidly Yank, his approach distinctly mid-Atlantic.

He started Geers Gross in 1964 and helped it to go public five years later. The float was orchestrated by the Bursan-Texas Commerce Bank. Charles Hoare, managing director of the bank at the time, became chairman of Geers Gross three months ago after returning from Hong Kong, where he was with the Hong Kong and Shanghai Banking group. Mr. Gross has decided to focus his efforts as chief executive on the UK and U.S. advertising businesses.

The mix at Geers Gross is now Anglo-American, and it appears to be working. Two weeks ago the company revealed more than doubled pre-tax profits in a year which included the 11-week ITV strike. Sixty per cent of the firm's UK business is in television, so this was no mean feat.

It was achieved partly by adding new accounts such as Lambert and Butler cigarettes. The shortfall was also made up during the lucrative Spillers-Dalgety dialogue.

From their Soho Square headquarters, Messrs. Hoare and Gross have quietly planned a grand strategy for billings and income growth. It is a strategy which could put Geers Gross into sixth place among UK agencies.

Unlike Saatchi and Saatchi,

the largest UK agency in billing terms, the Geers Gross future will be about half-British and half-American, although Saatchi is planning a U.S. acquisition, too.

In 1978, the Manoff agency in New York was bought for \$3.5m. In its first 12-month contribution last year, Manoff supplied around 40 per cent of group earnings of £327,000.

Manoff is heavily orientated toward television advertising. It specialises in packaged foods, a very profitable part of

for attracting further business. It is difficult to get much attention without a billing list over \$50m in New York, and this is one of the key reasons why Landey chose to accept the Geers offer.

Bob Geers and Charles Hoare first started looking at Landey about three months ago. Says Mr. Gross: "We decided last year that after the proper management changes were made at Manoff, we could look for a second acquisition, especially since we anticipated a good year of profits."

The strength of sterling was a further incentive to take a second crack at the States, and with the Manoff Geers Gross management in place, the decision on Landey was made. The positive UK results also helped to make British-based borrowings easier.

Both Landey and Manoff each have 10 to 12 major corporate clients. Combined billings in New York total \$70m (£30.5m). The two agencies are located only three blocks away from each other in Manhattan, should not be difficult to integrate.

Meanwhile, in London, Geers Gross is counting upon organic growth to justify its expansion. Lambert and Butler is the largest UK client, worth around £4m. The Zanussi appliance group is also important: it is valued at between £1m and £2m. Access, the credit card group, and Wimpy, the fast food chain, are each worth near £1m.

Although it is early in the year, there are indications of a pre-tax profit of at least £1m this year. This income will soon be based on about 40 major clients in Britain and the States, with a strong emphasis on mass retailing products.

The new Geers Gross triumphate may now carry on with some success unless a sharp downturn in consumer spending cuts into advertising budgets. But Mr. Gross is confident that his clients will continue advertising even if customers slow their purchases.

"Advertising is as important when there's a squeeze on as in normal times," he says.



Bob Gross, chairman of Geers Gross

the business along Madison Avenue. Most of its clients are located outside New York.

The new U.S. acquisition, Martin Landey Arlow, could complement Manoff nicely. Landey is print-orientated and is particularly active in fashion and cosmetics.

The largest Landey account is Coty, but it also has the important Hearst magazine contract, including all advertising for Cosmopolitan. Landey is expected to have billings of around \$30m this year and could provide an annualised profit of \$500,000 (£220,000).

This will mean a number of things for Landey in its new role as an arm of Geers Gross. Mainly, the increased billing size which Landey Arlow Geers Gross can sport will be a carrot

## FINANCIAL ADVERTISING: THE BANKS CHANGE TACK?

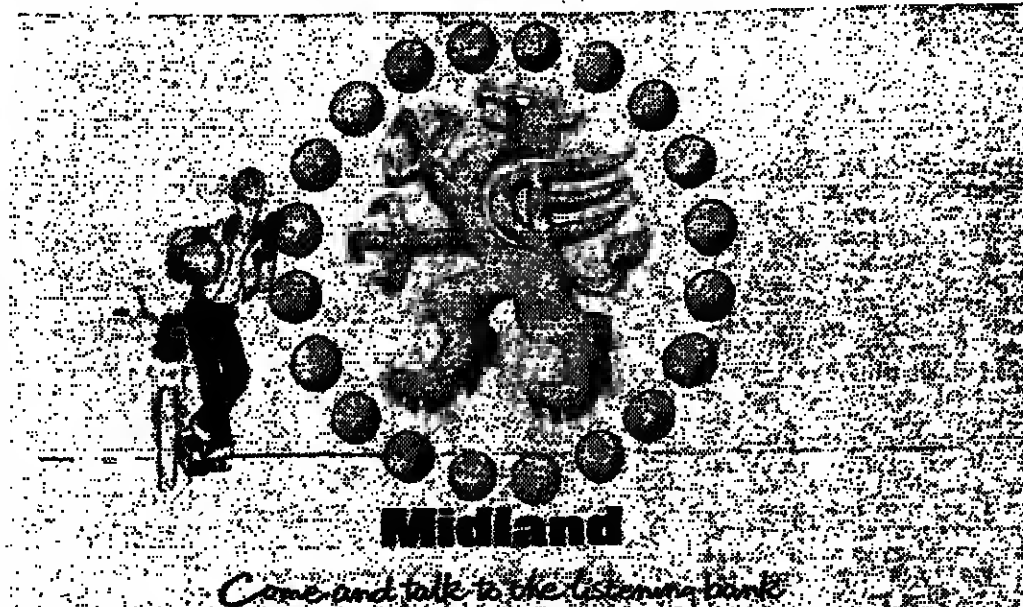
# Why the Midland came down to earth

THE LOOMING hostilities among the clearing banks were further signalled late last week with the screening of the first television commercial for the Midland Bank prepared by its new agency, Allen, Brady and Marsh.

It is the first of a series of four that is refreshingly down-to-earth and reflects the Midland's continuing aim to win new personal customers, particularly among the young and unbanked. Almost half the adults in Britain do not have a current account.

By the end of the 1980s, however, it is expected that the great majority will be banked, which is why the banks are becoming more and more aggressive and adopting sales techniques previously regarded as unsuitable — notably Lloyds' recent Home-makers promotion, which offers new account holders vouchers worth a total of more than £300 which they can use as cash discounts on a range of branded items, from a Hoover dishwasher to a colour TV.

Whether Lloyds' rivals will retaliate on the promotional front is not yet clear, but if the Midland is anything to go by, UK bank advertising is likely to become more accessible than hitherto, and less ethereal.



Come and talk to the Midland Bank

They are fairly heavy spenders. According to figures from Media Expenditure Analysis, which monitors TV, Press and magazines but not poster advertising, the Midland was the heaviest spender in the 12 months to March 31, 1980, spending £1.76m, plus a further £680,500 on Midland Bank International. In the same period, Barclays spent a little over £1m, Lloyds rather less than £1m, TSB £1.3m and

William and Glyn £625,000. At £2.4m, National Westminster spent virtually the same as the Midland.

Both the television and Press campaigns prepared by ABM use cartoonist Ross Thomson. The aim, said the agency this week, was to strike a note that was "classless, timeless, warm and friendly." The budget for the first phase is £800,000, with

further bursts planned later this year.

According to the agency: "The work has been carefully researched and addresses the prime consumer problem that banks are seen as cold, impersonal, forbidding institutions."

Whether the Midland's customers will ever quite see it as "warm, approachable and friendly," as ABM would wish them to, remains to be

seen, but the agency is trying. According to the account director, Pat Barham: "In the past, bank advertising has been too introverted and self-congratulatory. They have perhaps forgotten that they should be talking to the ordinary man in the street."

In broad terms, the bank is using television to communicate a general corporate stance, and Press to emphasise its range of services. "During the course of our research, we discovered... numerous young people with £40 or £50 in savings, who thought it far too small a sum to take to a bank. That is why one of the ads makes clear you can open an account with as little as £1."

Over recent years, the clearing banks have seen a gradual drift of business away from themselves and National Savings towards the building societies: that is something they plan to reverse.

What ABM wants the Midland to do is loudly proclaim its presence in the High Street. It offers a retail service, just like Sainsbury's, the thinking goes, and yet in 1978, when Sainsbury's spent approximately £10,300 per retail outlet on advertising, and the banks spent £3,500, none of the banks spent more than £1,000.

## ITV REVENUES SO FAR: £184m

# 'False buoyancy,' says AA

THE BOOM in television advertising revenues lost only a little of its edge in April, when total net revenue of the ITV companies was £48.73m, a gain of 29.6 per cent on the £37.59m of April last year.

Thanks to carry-over from last autumn's ITV strike, revenues in the first quarter of the current year were 50 per cent higher than a year ago — £135.2m against £90.2m.

However, the Advertising Association warned this week that the apparent boom in advertising expenditure generally reflected "false buoyancy."

According to the AA's head of research, Mike Waterson: "We are convinced that advertising expenditure is performing exactly as forecast six months ago. In other words, if you eliminate the carry-over from the ITV strike, you find that a turn-down in expenditure was already occurring late last year. A number of categories, notably classified, actually fell in real terms in the last quarter of last year."

He believes that a similar performance was true of other categories. "We believe our forecasts were right all along — namely, that the advertising business is heading for some sort of recession, though nothing nearly as severe as in 1974-75."

He may be right, though there remains a body of opinion in the major agencies that holds that the down-turn will be

nowhere near as sharp as some expect. It is for no other reason than that major advertisers have rediscovered for themselves the value of advertising investment. Either way, the true impact of the recession on advertising is unlikely to emerge until the third quarter.

Meantime, a remarkable 85 per cent of people questioned in a recent NOP survey said they believed advertising raised prices. In 1965, when NOP conducted a similar survey, only 54 per cent held that view. Although the majority of those questioned said they thought advertising was necessary, they also felt it did not always present a true picture of the product advertised.

The survey was carried out in January by the regular NOP Market Research Quota Omnibus Service covering a total of 1,982 adults.

Of those questioned, 73 per cent felt advertising was necessary. Only 14 per cent were completely against it, compared with 23 per cent in 1965. The majority (59 per cent) felt advertising made no difference to the quality of products — a hardening of attitudes over 1965. Then, 46 per cent felt advertising resulted in better products, against 31 per cent now.

In 1965, 54 per cent felt that advertising raised prices. According to the latest survey, this view is now held by 85 per cent.

Seventy-eight per cent said

they thought the power of the persuaders was used to encourage people to buy products they did not need. Conversely, the majority (62 per cent) still feel it helps provide better choice. In 1965, 53 per cent declared that advertising presented a false picture. That figure has now fallen to 42 per cent, although 33 per cent say it varies.

## BAT plans another big launch

BAT, which two years ago spent heavily on the UK launch of its State Express 555 cigarette brands, is to re-enter the fray with the launch of Du Maurier King Size, the UK rights to which it acquired from Gallaher last year. The campaign, for which the revitalised Kirkwood Company is handling the advertising, is expected to cost more than £2m.

Du Maurier King Size is a low-to-middle tar brand. The initial selling price: 60p for 20.

ROYAL INSURANCE has appointed Charles Barker City to handle a new television campaign. The billing is likely to exceed £500,000.

TINKER AND PARTNERS is to handle new product development for the recently established foods division of Coca-Cola Export Corporation. In the U.S., Coca-Cola's foods division has a turnover of more than \$1bn. Its largest brand is Minute Maid Orange Juice, brand leader in the juice market.

CHEWYND HADDONS is to handle the \$400,000 launch of World Airways' new scheduled service between Gatwick, Boston, Baltimore and Newark.

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## Heinz: sales gains plus record budget

HEINZ is to invest a record £25m in marketing support of leading brands over the next 12 months. Roy King, its UK marketing and sales director, said a similar programme, announced in May last year, had resulted in a 10 per cent sales increase over the first ten months and significant share gains in five out of six main categories.

"Last year we held our price inflation to 8.5 per cent," said Mr. King, "well below that of

processed foods at 14 per cent. In addition, the recovery of core business volume was helped by product line extensions which established strong consumer franchises without cannibalising existing varieties."

"The advertising budget for the current year exceeds £10m. The future held no fear for brands managed in the classic tradition — superior quality and heavy above-the-line investment linked to a competitive, but premium pricing strategy."

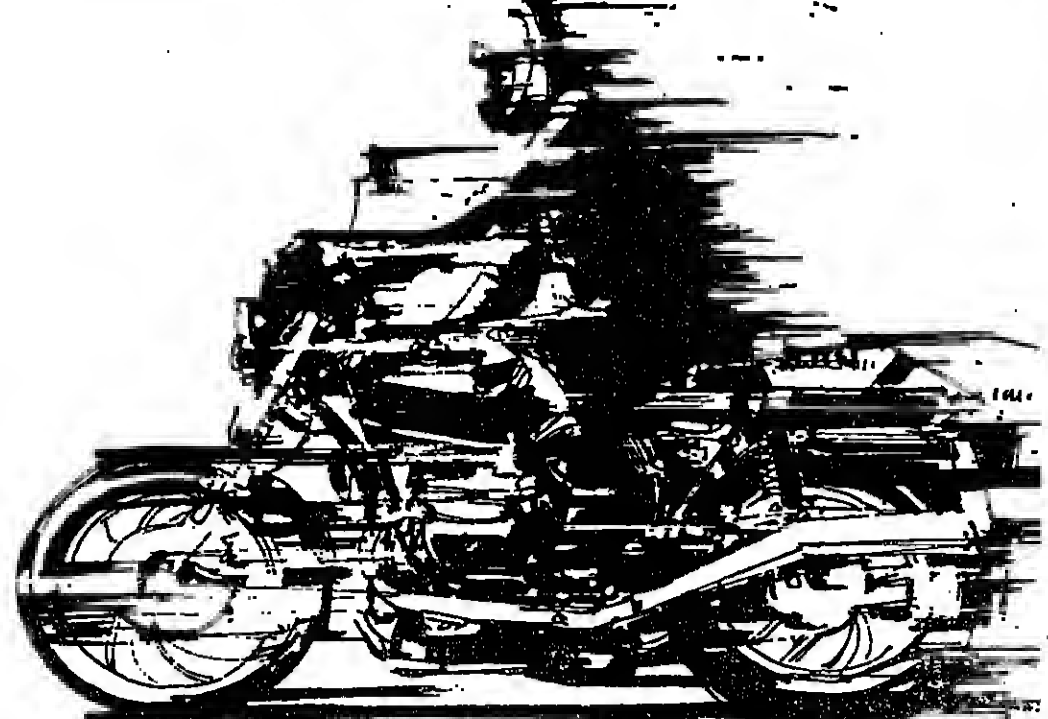


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Southerners are young, vigorous, and they've got money to spend. They spend on sports equipment, cameras, toys and games, sunglasses and much more. If you're involved in the leisure field — it makes sense to put your money on Southern.

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For further information contact Brian Henry, Marketing and Sales Director, Southern Television Limited, Glen House, Stag Place, London SW1E 5AX. Telephone: 01-834 4404.

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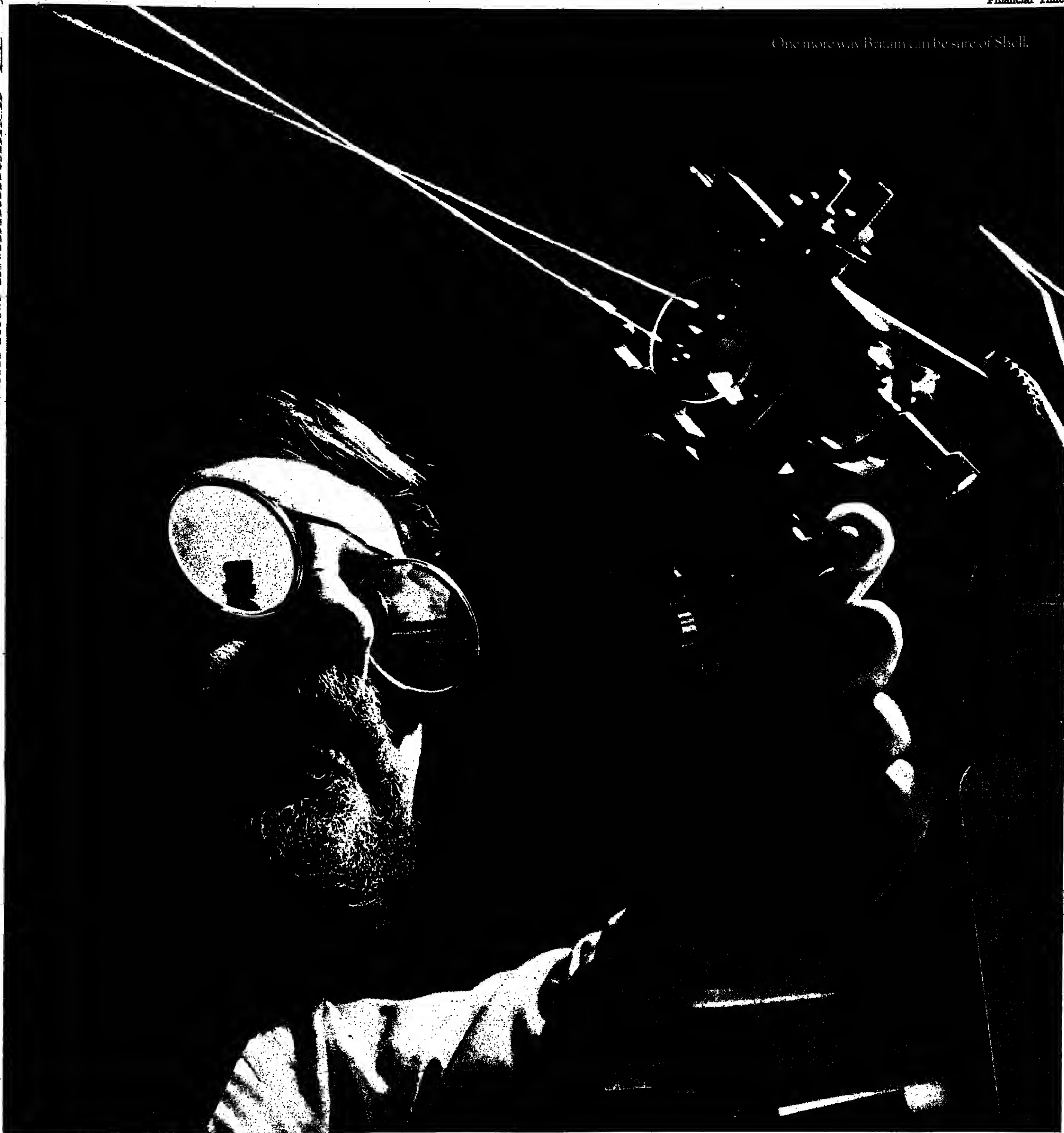
The next 2 day course on DESK TOP COMPUTERS will be held at the Coburg Hotel on 18/19 June. This is a practical seminar, members will use Commodore PET computers to demonstrate the system's capabilities and to write simple programs.

The fee is £180.

For details of this seminar, and others in UIMC's microprocessor series, contact G. St. G. Wheeler, UIMC Ltd., St. Bridget's House, Brideswell Place, London EC4P 4BP. 01-822 5301/5363.



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## Shell's laser 'eye' reveals some secrets.



Dr. Martin Swords, Shell Scientist,  
Thornton Research Centre.

"One of the biggest problems in engine design is finding out just what's going on inside while the engine's running.

Engineers have long known that the turbulence of the petrol mixture and gases swirling inside the cylinder has an important effect on performance – but the

difficulties of measuring the characteristics of a gas cloud which explodes about every 12 milliseconds, reaches 1500°C and is locked away inside thirty or forty pounds of metal, have proved insurmountable until now.

We are now able to drill holes in an engine cylinder, insert thick quartz windows and punch laser beams through the gas clouds as they mix and burn.

Using this technique we can work out the turbulence and the velocity of the gases.

Engineers and scientists can use this data to improve both the cylinder geometry and the chemistry of the fuels.

Since we estimate that this new information could help to bring about fuel economy improvements as great as twenty per cent, it is a development of some consequence.

If you think of the difference such a saving would mean to you, it's easy to see why we think this work is so important."





# Doing away with Fools' Gold

BY ANTHONY HARRIS

EVERY NOW and again something happens to restore your faith in common sense, and very refreshing it is too. This cheerful experience came my way recently when I least expected it—at a gathering of bankers, officials and economists discussing international currencies. The agenda included all the standard technicalities—substitution accounts, currency baskets, the EMS, special facilities of one kind and another, conditionality. The very vocabulary makes one's skull shrink.

And bless their hearts, they threw it all out or, more accurately, brushed it aside as irrelevant. Nobody any longer seems to believe in the crock of paper gold at the end of the rainbow. People wanted to talk about cost and ships and revolutions.

## Tremble

The knowledge that he is to be hanged in the morning, as Dr. J. observed, concentrates a man's mind wonderfully, and although it is all very deplorable and humiliating to have to tremble before every OPEC meeting, the oil producers really have done a lot for common sense. Even so, it has taken five years to wake us. Ever since the first OPEC crisis, we have hoped that we could banish uncomfortable realities behind the many formulae which have been developed under the general heading of "recycling," and it might have taken another five years to wake up had it not been for the general political vertigo of the last year.

However, now that the truth has broken through, we are not likely, it can be hoped, to forget it. One banker put the whole dream into a sentence which should be engraved on marble panels and hung in every banking hall. "After the first time round," he remarked, "we had a marvellous time congratulating ourselves on achieving something called recycling, which everyone had thought was going to be very difficult. In fact we hadn't achieved anything, or done anything beyond our normal business. And if that problem hadn't simply gone away for a time we would soon

have realised that we hadn't solved anything either."

The analytic truth behind this fine display of honesty is that the OPEC problem is not a balance of payments problem in any normal sense. The kind of problem which the Bretton Woods agreement and the IMF were designed to solve, and we have subsequently tried to tackle through floating, is essentially a cyclical problem. It cannot be solved by nature catar for a permanent surplus.

In other words, reserves are pieces of paper or metal intended to flow to and from. An economy may for quite a long period need a larger supply of external capital than the private market is eager to supply, when it goes through a period of growth or structural change. It is well worth devising special forms of IOUs which will reflect its needs, and the period over which it is expected to return to balance and beyond. Meanwhile other countries, once large surplus earners, may pass control for economic to their turn, as we have recently been reminded: they will then cash in IOUs.

Nothing in such a system, however, in any way matches the case of a country like Saudi Arabia, which is producing and earning beyond its need or wish to consume. Reserve assets IOUs which are destined to be cashed in due course are irrelevant. Saudi customers are not borrowing in the normal sense, and the country has no foreseeable need for reserves. It wants substitute permanent assets.

Two consequences follow from this. The first is that the situation must be brought under control for economic as well as strategic reasons: there is no indefinite supply of transferable assets. The second is that banks which intermediate OPEC deposits will want real assets as a counterpart to these liabilities. So banking sense and reality march hand in hand, seeking enthusiastically for real investments—especially energy investments—which will solve both problems.

Hence also a reviving interest in mobilising one real asset or little productive use which the main debtor countries hold in some quantity—gold. The real thing, not the paper variety.

THERE IS a new dimension in City solicitors' involvement both in financial work—we are now grabbing back work from accountants and getting the cream of it—and in the financing of London's capital market.

The five leading banking firms are considered to be Allen and Overy, Coward Chance, Freshfields, Linklaters and Paines, and Slaughter and May. But other firms such as Norton, Rose, Butterfield and Keen, with a long-standing connection with shipping bankers like Hambros, are deeply involved, especially overseas.

## Expansion

With the abolition of exchange controls and the growth of the Eurodollar market overseas business has expanded dramatically. The Bank of England estimates the invisible earnings of City solicitors at £40m a year. Practitioners themselves put the figure at £60m to £70m. Oil, insurance, and the vast claims arising from marine disasters and political upheavals, the syndication of loans abroad, arbitrations involving foreign clients all contribute.

The effects of EEC membership have taken time but are now being felt—in industrial

relations and trade disputes, copyrights and trademarks, in distribution, and in common law suits. Most significant is EEC competition law, which has "arrived" in the last two or three years and is now a major preoccupation of some firms.

Applications for European patents under the European Patent Convention are made to the European Patent Office in Munich which opened in 1974. Disputes arising from them take time to work through the system, but this year the first hearings will take place. It is too early to tell how this work will develop, but there is likely to be plenty.

In general commercial work the English legal system's "historical head start" in commercial matters is attracting foreign clients. "We offer a palatable commodity," Parties of differing nationalities favour English-language agreements. The English law is an acceptable neutral system in international deals. Traditional London skills in the drafting and preparation of documents offer a happy mean between Continental brevity and American verbosity. London arbitration is often specified in agreements. Although the delays of the English appeal system have led to a falling-off in recent years, it is believed that the 1973 Arbitration Act, in reducing them, will recapture work from Europe and some here sought Scandinavian and the Inter-

national Chamber of Commerce in Paris. Ten London firms have Paris offices, mostly established in the early 1960s before EEC membership. Of those that do not, most say that the work can be done as well from London—but at least one leading firm said: "We are sorry to have missed the boat when the going was good." Paris has always been an international law centre, but

## BUSINESS AND THE COURTS

BY ANN MOORE

Brussels is wholly related to the Commission. Nine big firms have offices there, set up in the early 1970s in anticipation of Community membership. Some do little more than advertise its presence. Others are highly developed, with partners experienced in the work of the Commission. Clifford-Turner has an EEC unit within its Brussels office. Some law firms are content to rely on traditional Continental contacts. "We can pick up a phone to any capital in Europe"—but another major partnership is hoping to open in Brussels fairly soon.

Small firms do not have such first-name contacts throughout Europe, and some here sought more formalised links. Bates,

Wells and Braithwaite, for instance, with three partners in its City office, keeps in touch with Continental work through the Paris group of lawyers in 10 European cities.

The present New York offices of London solicitors are fairly recent. The more successful channel work through to London, and provide a base to advise U.S.-based clients on English law and vice versa.

Brought a flood of litigation. When times are hard, people look to their rights. General litigation is booming, so is patent work—Stephenson, Burwood and Bristow, Cooke, and Carmichael are involved (on opposite sides) in the huge case between Western Electric and Rael which is billed to last all summer.

Some older solicitors who have been in practice since the 1930s say they have lived through world recessions before and have survived. Younger men are more cautious. "Lawyers are short-sighted animals," remarked one whose own approach belies the dictum. A more senior man confessed to misgivings in the last month or two: "If there is less loan and fund-raising work, there is less work for us."

Another practitioner remarked: "Even in recession money remains a commodity—unless it decays elsewhere as is happening with insurance. New York is bidding hard for American capital. A serious threat but it exists. U.S. firms have offices in London, and their banks, in particular, tend to bring their clients with them."

There is more unease than appears on the surface, and a keen, if concealed, competition. The startling growth of mega-partnerships, only recently booming business, admits a need to diversify, to break into new and specialist fields.

Firms such as Coward Chance and Herbert Smith, already have reputations as all-rounders in some departments. Some are over-specialised. The race is on to get new work and to spread risk.

The "charmed circle" of shipping, traditionally in the hands of a few, is now breaking up and firms such as Howell White & King, and Allen & Overy are entering the field.

Twenty years ago litigation was "no occupation for a gentleman." The giants have a national weakness in this field (though Freshfields did not for Kerry Packer against the MCC), but many firms are establishing new departments or strengthening old ones.

Others are expanding into industrial relations—Lovelace, White and King, for instance, are acting for Express Newspapers in its dispute with NATSOP. A. I. Somerville, remarked one solicitor, "where it is all going to end."

Patent specialists have never been busier, but a chilly wind may be blowing up. Big firms are now saying "turn a patent case away," Simmons and Simons, Allen and Overy, Freshfields and Clifford-Turner all have new or improved patent departments.

Patent boom

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## Kempton focuses on Ginistrelli

GINISTRELLI (USA), displaced as Derby favourite on Monday when it became known that connections had decided to saddle Henbit at Epsom, will be the centre of attraction at Kempton today.

The Warren Place colt bids to make it four victories from five outings in the 11 miles Predominate Stakes.

It is difficult to know what to

## RACING

BY DOMINIC WIGAN

make of Charles St. George's Hoist The Flag Bay. A \$370,000 yearling, Ginistrelli was rumoured to be Henry Cecil's best two-year-old colt from his early last year. Although his two juvenile successes showed him to be a smart colt in the making, they were not achieved

in top-class company and it comes as no surprise when he was officially rated a few pounds behind his supposedly inferior stablemates, Super Asset and Helin Gorgeous in the Free Handicap.

Ginistrelli, whose sire was responsible last year for a yearling sold for \$1.6m, lost his unbeaten record in somewhat tame style at Sandown just under a month ago.

Never going as well as either Henbit or Huguenot in the Classic Trial Stakes, he failed to find the necessary pace to challenge that pair in the closing stages. At the line Ginistrelli was 24 lengths behind the Herts colt, admittedly, looked to be slightly the more

favoured.

In his only race since that somewhat disappointing display, Joe Mercer's mount needed to be driven right out in order

to get home in the Lingfield Derby Trial.

Although those efforts hardly inspire confidence for this afternoon, recent work suggests that Ginistrelli has come on a good deal and might not be noted for his lack of pace.

I hope to see the Newmarket three-year-old, who is rated a considerably brighter Derby prospect by Cecil than Helin Gorgeous, produce his best effort to date and win with some ease from Prince Bee, a colt unlikely to be suited by this course.

## KEMPTON

2.00—Ballacorey\*  
2.00—Ginistrelli (USA)\*\*\*  
3.00—Good Lassie  
4.00—Prince Judger  
4.30—Chisne Knap Fm  
5.00—Cardinal Flower

1.20 pm Southern News, 2.45 House-party, 3.15 How's Your Father?, 3.45 Look! What's New, 4.15 The Life and Times of Gussie, 4.45 The Life and Times of Gussie, 5.15 The Life and Times of Gussie, 5.45 The Life and Times of Gussie, 6.15 The Life and Times of Gussie, 6.45 The Life and Times of Gussie, 7.15 The Life and Times of Gussie, 7.45 The Life and Times of Gussie, 8.15 The Life and Times of Gussie, 8.45 The Life and Times of Gussie, 9.15 The Life and Times of Gussie, 9.45 The Life and Times of Gussie, 10.15 The Life and Times of Gussie, 10.45 The Life and Times of Gussie, 11.15 The Life and Times of Gussie, 11.45 The Life and Times of Gussie, 12.15 The Life and Times of Gussie, 12.45 The Life and Times of Gussie, 1.15 The Life and Times of Gussie, 1.45 The Life and Times of Gussie, 2.15 The Life and Times of Gussie, 2.45 The Life and Times of Gussie, 3.15 The Life and Times of Gussie, 3.45 The Life and Times of Gussie, 4.15 The Life and Times of Gussie, 4.45 The Life and Times of Gussie, 5.15 The Life and Times of Gussie, 5.45 The Life and Times of Gussie, 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# FINANCIAL TIMES SURVEY

During the last year, steel stockholders in Britain have seen increasing their penetration of the UK market. The recent three-month steel strike accelerated that trend. Improved services to customers is an important factor in this growth and the reputation of stockholders among steel-users has never been higher.

# STEEL STOCKHOLDING

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# This is how some of you see it...

## We took the trouble to find out.

At GKN Steelstock we've been examining in depth the customer/supplier relationships in Steel Stockholding.

The reasons are simple.

Firstly, we are the leaders in the U.K. Steel Stockholding industry. If we do not meet with our customers' requirements, we not only fail them but we will lose our premier position.

Secondly, industrial action between January and March this year proved conclusively that Stockholders have an increasingly vital role to play in supplying manufacturing industry.

We already had the organisational, financial and processing resources to meet the demands from that industry.

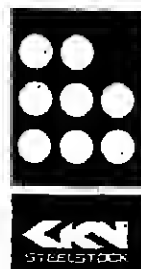
Now our researches have given us valuable insight into how to structure

our business to meet future demands, how to improve communications with you, how to change our performance and where.

We've already acted upon it and will continue to do so.

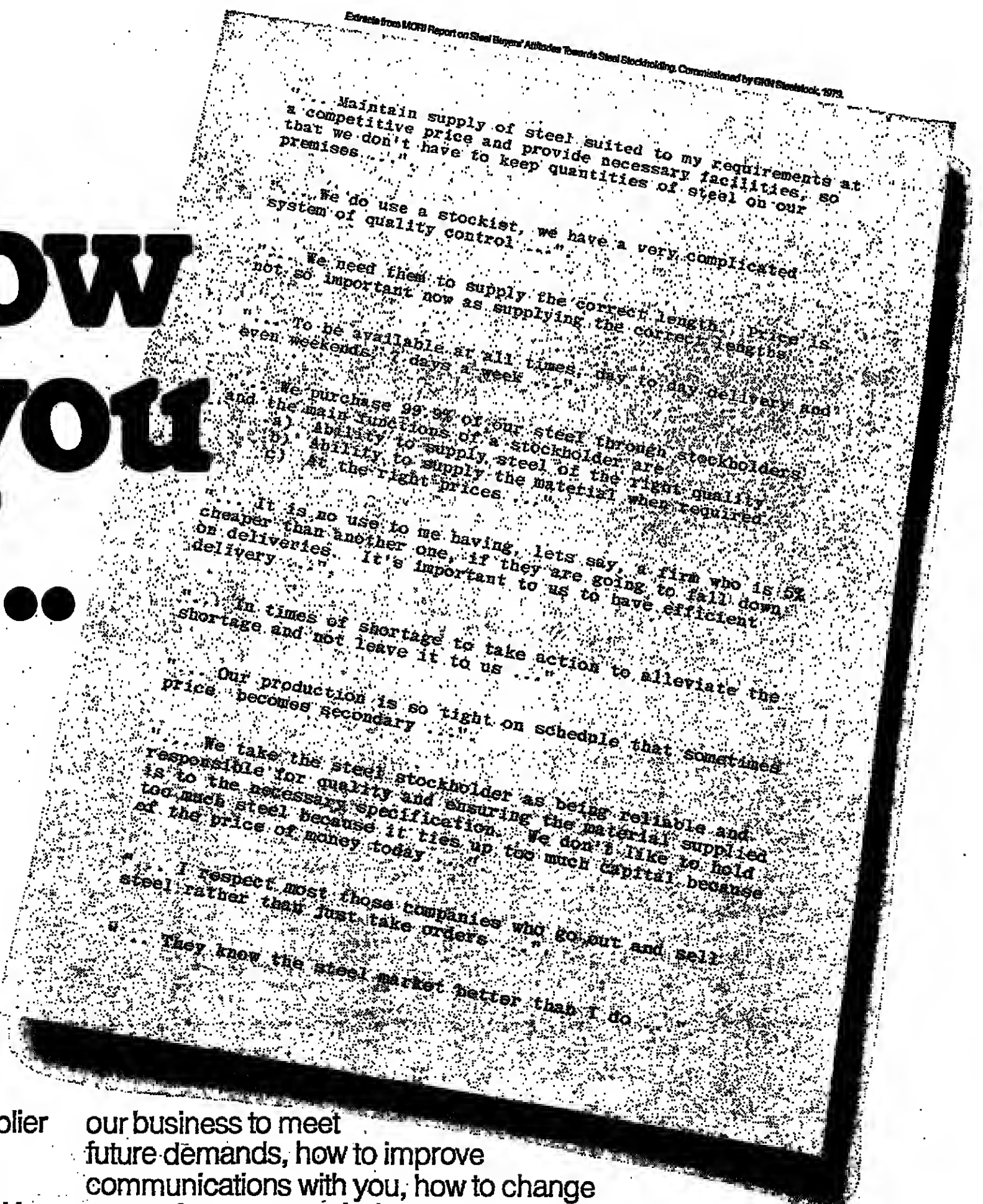
Now, it's time we talked - because another thing research proved was that we both have more to offer each other than perhaps we thought.

You will be hearing from us.



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## STEEL STOCK HOLDING II

## Improved services win new customers

WHEREVER in the world steel is used for sophisticated industrial production, the growth of the steel stockholding trade in the last 20 years has been sustained and occasionally spectacular.

No mystery attaches to that trend. The stockholders have succeeded because they sell a service which industrial customers increasingly find worth buying. Stockholding warehouses (or steel service centres in the United States), pre-process steel to customers' needs with the minimum of waste, deliver it as required, and enable industrial plants to hold down their steel stock inventories to low levels.

Stockholders have proved they can do all that without charging customers unacceptable premiums above the prices charged for steel delivered from the mills by the steel-makers themselves. In order to survive, stockholders have had to learn how to handle steel stocks more efficiently than the general level of expertise in manufacturing industry. Essentially, they are selling that special skill as the wrapper for each parcel of steel they deliver.

The graph with this article shows how British steel stockholders have built up their share of the British market in the products they handle. Some heavy steels and special trades such as colliery arches continue to be available only through the steel mills. But the vast majority of forms of strip products and long products are now handled by stockholders as well as the mills.

Even before the three-month steel strike which crippled British Steel for the first

## INTRODUCTION

ROY HODSON

quarter of this year, and at times embroiled the private sector of British steelmaking, the stockholders were accelerating their penetration of the British market. Their share rose from 35.7 per cent in 1978 to a higher level estimated by the National Association of Steel Stockholders to be nearly 40 per cent during 1979.

## Key factor

Improved service to customers was clearly a factor in that growth. Another reason was that stockholders were retaining their business while steel orders placed with the mills in Britain were falling off because of industrial recession and competition from imports. A third reason was that the high cost of borrowing money was persuading more and more manufacturing companies to run down their own steel stocks and rely to a greater degree upon steel stockholders.

The strike threw all calculations about market shares and prospects for the steel market into the melting pot in Britain. British Steel is having a tough fight to win back customers and to regain tonnages sold to the home market to the pre-strike level. A number of steel-using industries which switched to imports during the strike are continuing to purchase abroad.

Some are doing it as an insurance against future disruptions to their steel supplies. Others like the quality and the service they are receiving with their imports.

The stockholders find themselves in the anomalous position of, on the one hand encouraging the restoration of British Steel's fortunes, and, on the other, handling more foreign steel to supply their customers' needs than was usual before the strike took place.

But, while the stockholders perform that balancing act, they are also gratified to discover that their reputation with customers has never been higher than it is today. Their ability to continue supplying steel during the strike, and the quality of the service they offered, has won them many new customers in Britain who previously dealt direct with the steel mills.

For the rest of this year, the stockholders are likely to increase their home market share to between 43 per cent and 45 per cent—an all-time record. Whether that will be a permanent gain will depend upon the energy with which British Steel fights back into the market. But a fair reading of the market at this moment is that the stockholders are likely to hold on to several extra

## HOW THE BRITISH STOCKHOLDERS' SHARE OF THE HOME MARKET HAS GROWN



percentage points of market share permanently, as a direct result of the steel strike.

## Interest rates

Looking ahead perhaps the greatest single factor that will enable steel stockholders to win new business in Europe and in North America is the trend towards higher interest rates than industry has been used to in the past.

Accountants are putting new pressure on buyers and works directors to reduce their inventories of raw materials and partially completed products to minimum levels to save financing charges.

The stockholders are benefiting already from that financial squeeze upon some of the lazier ways that have been practiced in manufacturing industry.

Companies are showing a new interest in buying ready-cut steel from the stockholders for delivery in the precise quantities their machines require at the precise time it is required.

The concept of stockholding being developed into a network of true steel service centres for British industry has always been dear to the heart of many of the most go-ahead people in the stockholding trade. The fact that, following the strike, stockholders are more positively identified by customers than ever before is giving them a special opportunity to pursue service centre ideals.

When interest rates begin to fall a number of British stockholding companies can be expected to start new investment rounds in steel process-

ing equipment to break down the bulk steel they buy-in and tailor it to the needs of individual customers. Further market development by stockholders is likely to depend upon their ability to become the first manufacturing stage for the companies they serve.

## Long way to go

There is nothing startlingly new about the steel service centre concept. A small number of the most active stockholding businesses have been pursuing it for years. But the stockholder in grade still has a long way to go in Britain before all the medium-sized companies and a fair proportion of the smaller companies can fairly claim to be true steel service centres.

Perhaps the National Association of Steel Stockholders will be able to give them a lead. The association is currently in a more active mood than for many years past and is looking for ways to develop the industry it serves.

A touchy question—but one that is, nevertheless, central to a stockholding survey—is the form and scope of the future relationship between the steel stockholding companies in Britain and the home steel producers.

Until the strike, the stockholders had supported a strategy of buying from the British Steel Corporation whenever possible in preference to foreign suppliers on the basis that a strong British steel industry was also a fundamental requirement for a strong stockholding industry.

Without doubt, attitudes

among the stockholders have changed during the strike and the market chaos following it. Stockholders are talking openly now about new circumstances requiring new attitudes. The likely pattern is that British stockholders will handle a greater percentage of foreign steel in the future than they were prepared to handle before the strike, and that they will be less inclined to give British Steel the automatic priorities it so often enjoyed in the market place before the strike.

A difficult year lies ahead for the British steel market. Consumption of steel by British industry is expected to be at least 6 per cent below the level of 1979. Generally, stockholders are budgeting to sell less while boosting their market shares against the mills and direct imports.

## Investment

The biggest stockholders—and a remarkably small handful hold half the British market—will be able to improve their service to customers and increase their dominance of the business if they are prepared to invest new capital and keep up their sales momentum. The smallest companies can expect to continue to handle the strictly local trade they are geared to serve without too much competition from others.

But a number of medium-sized companies will find themselves in a high risk situation falling, as they do, between the two firmly-fixed asymptotes of the trade.

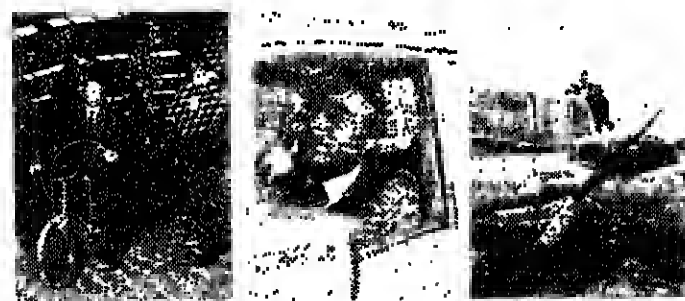
More mergers and take-overs are likely. They will mostly be



Mr. Ian MacGregor, who takes over as chairman of British Steel in July, can be expected to set his own stamp upon the Corporation's strategy and may have some surprises in store which will affect steel customers and the stockholders.

initiated by stronger companies within the industry. For several years now, the return upon capital in the stockholding industry has been a single percentage figure and so low as to deter other sectors of British industry from moving into the business.

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## Fundamental changes are on the way

## PROGRESS IN BRITAIN

ROY HODSON

THE PATTERN and style of steelmaking in Britain in the 1980s is going to be very different from the plans and forecasts being made until quite late in the 1970s. Those fundamental changes will, in turn, have a strong impact upon the British steel stockholding industry and already are posing both challenges and opportunities.

When the major part of the British steel industry was nationalised in 1967, the intention was to take virtually all bulk iron and steelmaking into public ownership. The private sector was to "withstand the wind" in the words of one contemporary Government spokesman.

The private sector had been expected to consolidate upon its 10 per cent share of liquid steel-making and to invest downstream in processing steel and into the frontiers of engineering.

Instead, the private sector elected to employ modern steel-making techniques and to expand its influence both downstream and upstream. While the special steels companies invested in the production of more sophisticated steel products a new round of investment in bulk steel making took place with the so-called mini-mills. The private sector equipped itself to fight British Steel in the market place upon ground that the corporation at first regarded as wholly its own.

The upshot of private sector vigour is that today it has about 20 per cent of Britain's steel-making capacity and the percentage is sure to be even higher before long as British Steel pursues its slimming-down plans.

Thus, the steel stockholders in Britain have found an ever-widening selection of common

steels and speciality steels available for their service centre operations from the private steel sector whereas in the late 1960s they were planning a future based largely upon British Steel and imports.

Members of the National Association of Steel Stockholders, which represent more than nine-tenths of the stockholding industry in Britain, have never looked for a fight with British Steel, despite the natural leanings of most NASS members towards private sector activity. They have acknowledged until recently that British Steel must provide the bulk of the supplies they handle.

But now the very scale of the British Steel Corporation's retrenchment problem is causing stockholders to think anew about that basic policy of having a dominant supplier in the public sector steel industry.

## Modest plans

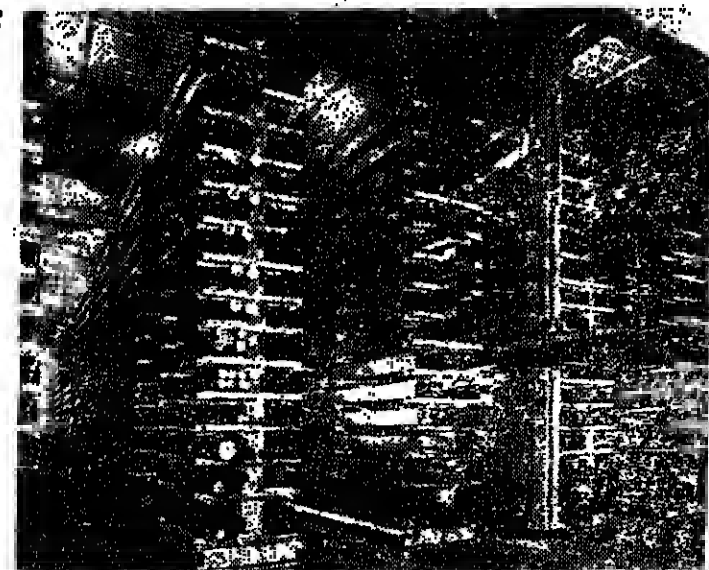
British Steel had intended to build up to a steelmaking capacity of 30m tonnes of liquid steel a year or more during the 1980s. Such has the heady scale of investment planning in the early 1970s. A large part of the job of Sir Charles Villiers, the retiring chairman, has been persuading his colleagues and the politicians to jettison those aspirations and replace them with more modest plans tailored to fit the steel markets that will be available at home and abroad.

The corporation is now undergoing the biggest reappraisal of its 13 year life. Basically the parameters have been set during Sir Charles Villiers' chairmanship. Mr. Ian MacGregor, who takes over in July, can be expected, however, to set his own stamp upon British Steel strategy and may have some surprises in store which will effect steel customers and the stockholders.

British Steel's basic policy at the time of writing is to cut back its bulk steelmaking capacity from 21.5m tonnes a year to only 15m tonnes a year. In addition to that, there will be 4m to 5m annual tonnes of un-manned steelmaking capacity available which, it is claimed, could be brought into production quickly and cheaply if new upturns in market forecasts ever justified employing it.

Manpower cuts are intended to be heavy to restore the corporation to a competitive position in terms of steel output per man compared with other big international steelmakers. The corporation is reducing its workforce engaged in iron and steel-making from 150,000 to around 100,000.

The pressures upon the corporation are most severe in the flat-rolled products business where world over-capacity is severe and products are being traded freely across the borders at low prices. British Steel had already lost nearly half its flat products market to imports in the 1970s because of inability to



Steel stockholders in Britain have found an ever-widening selection of common and speciality available from the private steel sector

deliver, and quality problems. Those difficulties were resolved and the corporation started to fight back for its traditional flat products business only to see imports allowed a free run at the British market once again during the three-month steel strike. It has been a disheartening experience for British Steel's salesmen.

Mr. MacGregor may have some novel ideas of his own about restoring the corporation's fortunes in flat products. Until he does devise something new it is clear the stockholders are going to be handling a bigger proportion of imports than they were handling in the months immediately preceding the strike.

Another clue to Mr. MacGregor's thinking about British Steel's market role came when he discussed the possi-

bility of the corporation moving further into the main preserve of the private sector—speciality steels. The high added value of those products is, of course, attractive to steelmakers. If such a switch is made, stockholders will find themselves with new choices to be made about their sources of supply.

Britain will have a well-equipped steel industry in the 1980s and the 1990s following the private sector's vigorous investment and the over-ambitious investment of the British Steel Corporation which has led to its present financial troubles.

That total investment (private and public) in up-to-date plant should be more than enough to serve the British market if it is worked competitively at international manning levels.

But the style of international trading—and of human nature—is that companies and individuals will continue to import quantities of steel into Britain to gain price advantages, quality advantages, or simply to have alternative source to keep the home producers on their toes.

Stockholders, having been forced by the events of the last few years to deal more heavily in imported steels, are expected to keep these alternative supply lines open both for the health of their own businesses and for the health of their customers.

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Perhaps the best hope for domestic steelmakers remains a stronger grip upon the home market with the co-operation of stockholders in some blurring of the edges between private and public sector steel production.

The current mood among British Steel top men is to encourage linkages wherever possible. The talks between BS and GKN about the possible rationalisation of rod and its production are a case in point. But there are many other areas of materials supplies, of production, and of marketing, in which private and public sector can, given the will, co-operate in future to provide a joint and better service to customers.

Some public sector steelmaking may eventually be taken over by private companies. The recent interest of Lorrho in the Shotton plant is a pointer to the sort of thing that could happen. Mr. MacGregor may be tempted also to examine the possibility of shared production at the profitable finishing end of the steelmaking cycle where private and public sectors in harness could make fuller use of facilities available in Britain.

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## STEEL STOCKHOLDING III

## Opportunities in the Third World

THE AIR of perpetual crisis that hangs about the British, European and United States steel industries should not be taken as a true indication of what is happening in the world-wide industry.

The truth is that steelmaking is continuing to show fast growth in many of the developing nations and the new industrialised nations of the world. It is suffering most in the older industrialised nations where low-cost imports are competing—and playing havoc—with high-cost production.

After the effects of the British steel strike have been properly assessed, consumption of steel in Britain in 1980 could fall by anything between 7 per cent and 17 per cent below the levels of the previous year. That market decline will be caused, in part, by the way British industrialists have gobbled up their steel stocks and do not intend to replace them at former levels. In part, too, it will be the result of industrial recession.

The International Iron and Steel Institute, meeting in Singapore, recently also heard of the problems of the other EEC steelmakers. They collectively expect demand in their home markets to decline by near 7 per cent this year.

## Expansion rate

The world picture looks less depressing with world economic recession only expected to force a 4 per cent decline in steel demand. In real terms that means that a number of the young steelmaking countries will continue to expand at rates of 10 per cent a year or more.

Steel stockholders can no longer insulate themselves from world steel trends to rely upon home mills for their steel and home markets for their custom.

British stockholders are selling more imported steel than ever before. Their business to a large degree depends upon their abilities to purchase from the right foreign producers at the most advantageous prices with some confidence that delivery will be satisfactory.

They also have to compete against direct imports. That sort of competition will be more fierce in the aftermath of the strike. A number of traditional foreign suppliers of steel into the British market have stepped up their operations

based upon the added business they won during the three months when British Steel was out of production.

The world steelmaking scene is also of importance to those stockholders who have reached such a size that they are interested in trading abroad as well as in the home market. The trend in British stockholding is still towards more rationalisation into a smaller number of groupings. That process in a largely static market does not leave a great deal of elbow room for the entrepreneurs. The most active companies will continue to size-up opportunities for buying into or creating steel stockholding opportunities in other countries where their expertise can be turned into capital.

The western European steel industry, considered as a whole, is in a particularly interesting stage of transition. That has been helped by the stabilisation provided to markets and the degree of protection stemming from the EEC steel scheme of Viscont. Etienne Davignon, European Industrial Commissioner.

Within 18 countries throughout Western Europe, there are nearly 400 steel plants with a raw steel capacity of 258m tonnes a year.

The influential American Institute for Iron and Steel Studies considers that the dynamism in West European steelmaking will be sufficient for the industry to regain its world pre-eminence some time in the 1980s. The institute calls the European industry "the largest and most diverse steel industry of any region of the world."

The power and resourcefulness of European steelmaking must also be equated with the market for steel provided by the highly industrial European nations. The whole picture adds up to one of fascinating new opportunities for companies expert in steel stockholding and trading.

Companies already strong in stockholding and anxious to expand as economic circumstances permit are giving European opportunities a high priority in their planning.

Clearly, also, there will be greater inter-trading in future steel products between the Western nations. European sales into Britain have risen as a result of the British Steel strike in probably some 30 per cent of the market. They are unlikely

## WORLD STEEL MARKETS

ROY HODSON

to decline again to the former levels of 20-25 per cent. West Germany and France are already accustomed to importing up to half their steel.

Where will the new opportunities for steel sales occur in product terms? An IISI survey recently offered some interesting ideas to ponder upon. Among the products suggested for the future are: underwater weldable steel, fire resistant steel, tapered round bars, "super soft" bars, and internally coated pipe.

Even if such products do not appear on stockholders' shelves during the next 10 years in precisely those forms, it is certain, nevertheless, that other equally exotic products will be devised, manufactured and sold by steel companies somewhere in the western world, and that British

stockholders will want to be able to offer them to customers. More than 30 world steelmakers helped the IISI in its survey. Between them they have introduced more than 300 new steel products into markets in the last two years. Sixty per cent of those products were in the area of flat products.

In the hot and cold rolled sheet sector, the survey shows that the steel industry generally is concentrating upon the development of higher strength sheet to permit cost effective weight reduction in sheet-using products. That trend has obvious implications for stockholders considering new capital investment in sheet handling and cutting equipment.

Stockholders will buy more of their steel from the developing nations of the world in

future. Equipped with the most modern steel plants and often well provided with local sources of good ore and cheap energy, those plants are fast eroding the traditional market shares of the older steel industries.

It will only be a matter of time before shortcomings in quality and specifications by the newer steel producers are eliminated.

## Flat products

Demand for flat products is unlikely to show dramatic increases in tonnage terms during the next few years. The slump in the automobile industry and energy saving will see to that. But the flat products sold will have much higher value to weight ratios than at present as manufacturers insist upon using lighter steel to perform the same function.

Increasingly, stockholders expect to be involved in coated sheet in one form or another. A big international trade in the various coated products is expected to develop.

Future stockholding trading in Britain will also be much influenced by the relative performances of the private and the public British steelmaking sectors. During the 13 years since the nationalisation of steel, the private sector companies have more than doubled their share of liquid steel-making in Britain to above 20 per cent. It may be that their upward progress will continue. British Steel's direction of movement at present is definitely towards a lower level of steelmaking.

At his first Press conference, recently, Mr. Ian MacGregor, the chairman-elect of British Steel, said he will be interested in the corporation's prospects for moving "up market" into alloy and special steels even if such a shift is at the expense of the corporation's current activities in common steelmaking. If such a policy shift did occur, it would cause new friction between the public and private steelmaking sectors in Britain. It would also force many steel stockholders to re-think their purchasing strategies.

## Association fulfils key role for the trade

## DEVELOPMENTS AT N.A.S.S.

ROY HODSON

THE NATIONAL Association of Steel Stockholders has emerged from the national steel strike as a closer-knit and more effective organisation for promoting steel trading and serving the interests of the steel-using industries.

"In my view it has reaffirmed itself as an authoritative body, fully capable of acting on behalf of the trade," said the chairman of one big stockholding company as he looked back at the difficult days of the strike.

This view appears to reflect the feelings of the membership at large. Stockholders are generally expecting that after NASS moves its headquarters to Birmingham, later this year, it will play an even more active role as a central co-ordinating body for the trade. The association should also be able to do a great deal to spearhead the stockholders' drive to build their share of the British home market towards the magic but elusive 50 per cent level.

The current level of trading they are enjoying is, between 40 per cent and 45 per cent share of a thin and still declining home market. Whether their share will consolidate at that figure, decline, or rise, by further percentage points, will depend upon a bewildering array of inter-related factors concerning the future of steel-making and steel trading in Britain.

The most important strategic question facing the British stockholders is their future relationship with the British Steel Corporation. Many stockholding companies argue that the corporation has let them down by failing to deliver, and by maintaining home market mill prices at differentials above ruling European prices.

During the international steel crisis of the past three years, the differential has been as high as between 10 per cent and 20 per cent at times. At present, it is in the narrow range of 8 per cent to 10 per cent. But it is still a sufficiently large differential to let stockholders who could save by purchasing more steel from abroad.

The traditional stance taken by NASS is that a strong British stockholding industry needs the backing of a strong British steel industry. Now, after the searing

experience of the strike, stockholders are not so sure about that.

There is a groundswell of discussion among stockholders about the extent to which they should support British Steel in the future. Some companies are already openly saying they will continue to maintain the new contacts they made during the strike with Continental mills.

## BSC's hopes

As far as British Steel is concerned, much will depend upon its ability to persuade individual stockholding companies to try their luck with the old firm once again and forget the trials and tribulations of recent months.

Another question that NASS must collectively examine if it is to be truly representative of the industry is the present make-up of the stockholding industry. The single biggest company is now GKN Steelstock with between 20 per cent and 22 per cent of the market. In fact, a small number of companies hold more than half the trade.

The second biggest company in the business is British Steel's own investment in stockholding, the British Steel Service Centres group. BSSC suffered much more than the other companies from picketing during the strike and a combination of that, together with supply difficulties, has reduced its market share, at least temporarily. It is thought to have about 11 per cent of the market.

There was a time when stockholders were alarmed about British Steel's intentions to establish a major presence in the stockholding market. How far would BSC go? But in the current climate there seems little likelihood of the British Steel Service Centres supplying more than about 15 per cent of the market. And for some time they will be trading below that figure.

Shortage of cash within BSC

is likely to prohibit BSC buying any more steel stockholding companies to balance the spread of its business, however desirable such acquisitions may appear.

There will be more mergers and acquisitions in the stockholding industry, however. Some of the companies that sold in their stocks during the steel strike are preferring the feel of liquid cash to unsold steel on their shelves and will be prepared to bargain. The growth of a few companies in the industry in the next two years is thus most likely to take place by buying market share through mergers and outright company purchases.

Not a lot of growth is likely to take place by new capital investment in premises while money is dear. However, there is an exception to that trend. The Welbeck Group is redeveloping five acres of its Thames side site and wharf at Barking with a 74,000-sq ft warehouse scheme. The first phase of the redevelopment is costing some £2m and will provide Welbeck with one of the best-equipped specialist steel stockholding installations in the south of England.

The next phase of the Welbeck development is now under way as well. It will include new processing equipment for breaking-down and handling bulk steel for delivery to customers. Similar investment projects on better and more sophisticated steel processing equipment in existing warehouses are certain to be undertaken by some of the other stockholders if interest rates fall in an attempt to increase business by offering better service to customers.

British stockholders could have been badly caught financially by the strike, had it not been for prompt recognition of their plight by the Government and action by the Chancellor in the Budget.

Stocks in most of the stockholders' warehouses were being

run down so quickly during the three months of the strike that many companies faced big tax bills on the cash proceeds of the de-stocking.

The Budget include a stock relief scheme under which earlier relief (which would have amounted for some members of NASS to seven figures) can be deferred for a year. The stockholders expect that stocks will be brought back into balance during that time and that further transitional arrangements can be made, if necessary, through the representations of the NASS economics and taxation committee.

There are some indications that the stock relief scheme will be replaced with a new system more equitable towards businesses such as steel stockholding which are striving to increase the rate at which they turn over stocks in pursuit of business efficiency.

Sources of supply and old liabilities are two matters which will concern stockholders acutely in the coming year. It is not just a matter of making a comparison between steel qualities supplied from home mills and foreign mills; or of the ruling differentials in price levels; or of security and continuity of supplies into stockholding warehouses.

## Deep dilemma

The stockholders' dilemma goes deeper than any of those matters, important though they are individually. Many British and European steelmakers have sustained losses during the depression in demand for steel. Some such as British Steel have suffered historically heavy losses—the corporation is chalking up a deficit of some £2bn over six years.

The stockholding business is fundamentally a service industry devoted to buying steel in bulk and servicing industry with supplies at short notice. It has the role of a middleman between steel mills and steel-using industries. The one thing the stockholders dare not do is to so conduct their business as to follow many of the steelmakers into a downward spiral of heavy losses. A service industry that cannot make a profit does not deserve to exist. The point is well taken by British stockholders.

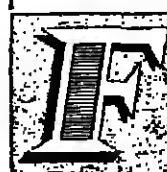


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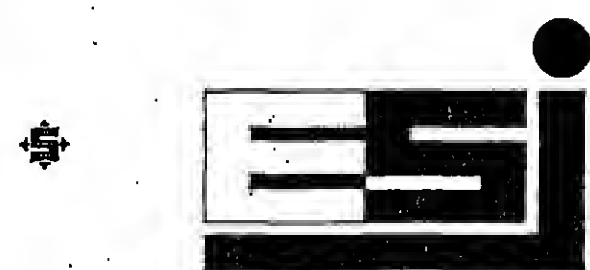
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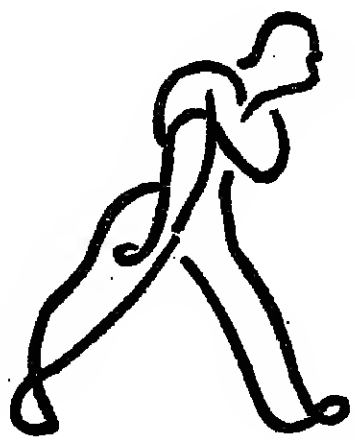
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## STEEL STOCKHOLDING IV

# Orders met despite difficulties

## TRANSPORT POLICIES

PETER CARTWRIGHT

THE RECENT run of national strikes—lorry drivers, engineers and steel workers—has once again tested the ingenuity and efficiency of the distribution organisation of stockholders. The potential for disrupting the close, but delicate relationship between supplier and customer was enormous. It is an immense tribute to the general body of stockholders that they are emerging from the steel strike with even stronger bonds with their customers than before.

It could so easily have been otherwise. The raison d'être for the existence of a stockholder is that he can supply the customer in fair weather and foul, when he wants it, and as well, if not better, than can the customer himself. And, generally, at a well worthwhile cost-saving. To do that involves a highly flexible, durable transport system allied to a stockholding policy that will still be able to deliver what the customer wants, when he wants it, whatever the circumstances. And the circumstances just lately have hardly been conducive to the kind of steady build up of business that any enterprise likes to see.

The lorry drivers' strike hit hard, but gave stockholders the chance to keep their customers supplied by the exercise of ingenuity and initiative, and demonstrated convincingly their commitment to keep supplies

and their customers' production lines—going in difficult times.

If the goodwill of customers is to be maintained and their loyalty depend, at least a nucleus of a transport fleet must be available to do same day deliveries, and that, for most stockholders means their own fleet, though not always. And if their fleet is immobilised their transport managers have to be extremely nimble and knowledgeable to be able to call up a "free."

Adversity will almost always find a way round, and stockholders have, perhaps, had to become pretty adept at doing so. Merely to have followed the rule book would have courted disaster. Thus, one way and another the ties with customers that lead to a successful operation, have been cemented, rather than loosened. However, it must be said that while stockholders have demonstrated their allegiance another cogent force in encouraging customers in the engineering and allied industries to divest themselves as

much as possible of raw material stocks is the crushingly high interest rates.

On the other hand, if it is a question between paying high interest rates and having no steel because of the unreliability of supplies, the answer clearly will be to pay up.

The way in which stockholders have cleared these obstacles and are now going on to take over a major part of the materials holding—and handling and processing—operations of customers is a measure of the expertise they can bring to bear on a problem.

Distribution accounts for up to 30 per cent of stockholding operations. It therefore singles itself out as a prime area for cost cutting, and there is no doubt some valuable savings could be made. But so long as customers phone up requiring delivery that afternoon or, if living further away, the next day, then they are going to be very difficult to achieve. There is no doubt that customers could be more accommodating, and many are becoming so, but



Flashback to the UK steel strike: a lorry driver argues with pickets outside the Canadian-owned Sheerness Steel Company

stockholders came into its own through building up confidence in the ability to deliver on time, to have the sections on the building site within an hour or two of their being wanted, and so on.

And, with too much capacity likely to be chasing too little business well into 1981, this aspect of competition is unlikely to change. It is a common problem for all stockholders

and so is that of finding back loads instead of returning empty. This is only partially overcome by co-operation between stockholders in different parts of the country and with hauliers.

Where a stockholder has his own fleet, the aim always is maximum utilisation, and the way a transport manager juggles with loads and times and places and makes out the sheets for the next day's working can lead to success or missing the target.

Hopefully, the fleet will just be the right size and composition to deal with an average day. If more transport is required he will be on the phone to one or more hauliers who regularly iron out the peaks of demand. If he can achieve 80 per cent utilisation, he will be doing well. Just now, in the aftermath of the steel strike, he may well be contemplating only 30 per cent.

Some medium and smaller stockholders have taken a leaf out of what they preach to customers by contracting the business to a reliable haulier who may draw two or three vehicles in his customer's lorry and have others on call if necessary.

The advantages are that the stockholder never has a vehicle off the road for maintenance or repair and of course is absolved from employing staff. The attractions for a medium-sized, or smaller operation are co-

siderable. No one is very sure at what time it becomes more attractive, even necessary to run one's own fleet, partly because the equation has been changing with some frequency. If one considers an articulated vehicle, as an example, the tractor unit in the past year has increased in price from £12,000-£14,000 to £16,000, and trailers by £500 or so to £4,500.

Road tax has gone up sharply to £750, wages from about £38 a week to £110 with overtime, and nights away from home are up from £7.50 to £9.

Even with fuel at maximum discount at £1.08, one haulier estimated it cost £10 a ton to take steel from the Midlands to Bristol.

Stockholders try as far as possible to operate within about 60 miles of a depot, and to use depots—if they are in the big league—strategically, so that they cover the whole country economically. While this works well for the majority of operations, there will always be a minority of occasions when special quantities or sizes have to be ferried far over depot boundaries.

## Opportunities

Distribution costs, of course, be more easily optimised if stockholding is also linked to steel production, or engineering facilities as it is in the case of GKN or Ductile Steels. The opportunities for arranging full loads of one kind and another, and of picking up return loads are obviously greater, though the growing collaboration between stockholders' fleets is helping to keep down their costs.

Another imponderable factor is the extent to which competition for limited business will thin out stockholders, perhaps especially in the flat rolled products sector and lessen the pressure on margins. One thing is certain—distribution—and its cost will, over the next 18 months or longer, become an even more crucial factor in profitability.

Supplies from the British Steel Corporation are coming through, much more quickly than even BSC thought would be possible so soon after the strike and non-popular products are rapidly nearing normal delivery times. When the fight for business is backed by adequate supplies an efficient transport system is going to count for more than ever before.

# Trends hard to detect after the steel strike

## STEEL SECTIONS

PETER CARTWRIGHT

THE SECTOR of steel stockholding dealing with sections, beams, plates and allied products mainly for the construction and fabricating industries is generally reckoned to be rather more stable than that dealing with flat rolled products, and so it is proving. This is due in part to the structure of stockholding and partly to the level of activity in the industries it serves.

The rapid expansion in stockholding and processing flat rolled products for the motor, domestic appliance and pressings industries which took place a few years ago was not accompanied by an equivalent expansion in sections, and so on.

For one thing, the market for supplying those concerned with building, and making tanks and boilers, and other fabrications tended to be slower moving, with the possible exception of factory and warehouse work. For another, processing—the conversion of materials into exactly what the customer needs for production lines—was more limited, being for a large part a sawing to size operation.

At any rate, the rush to move into stockholding, either as a diversion or of making extra profits, did not attract so many as did flat rolled. Nor when the downturn came after the oil crisis, did the ensuing contraction grip it tightly. This is not to say it has not experienced the inevitable consequences of declining industrial activity, though it has been spared the worst features of catastrophic losses, amalgamations and bankruptcies.

At this juncture, so soon after the ending of the steel strike, it is impossible to detect firm trends. It looks fairly evident, though, that the factory and warehouse building boom is

subsiding, that house starts are unlikely to improve appreciably, and that lucrative Middle East markets may have been lost for some time to come, if not irretrievably, for major projects that have stood the general steel stockholding sector in good stead.

The outlook is not one of all unrelieved gloom, despite the increasingly gloomy forecasts of what the economy, and engineering in particular, is going to do over the medium term. Stockholders keep their fingers on the pulse of their customers, and there is a widespread feeling that the forecasts are overdoing it.

The full implications of the steel strike will not become known for some months. Just as the engineers' strike left materials stocks unacceptably high, so the steel strike ran them down, though one has not heard of stockholders failing to meet their customers' requirements even if it was a close thing on one or two occasions. One Yorkshire stockholder was down to his last beam and even sold a thick steel plate used to balance a snow plough. "I must remember to replace it before next winter," By and large, a make do and mend situation saw this sector of the industry through.

What comes next is hard to discern. Supplies from the British Steel Corporation are improving faster than was thought possible, and faster in some cases than demand requirements. Waiting-time for plates at the time of writing is down to 10 to 12 weeks, and of sections six to eight weeks and reducing steadily towards normal delivery times.

The stock replacement programmes are proceeding apace both at customers and at stockholders. The opinion most widely expressed is that end-users will probably settle for levels some 12 to 15 per cent below pre-strike levels, that stockists will also operate on a leaner heck up. High interest rates and a sluggish market in which exports have been hit both by a strong £ and political unrest abroad are combining to bring this about quite apart from soaring rates and other costs.

With customers reluctant to place one more order than is absolutely necessary, stockists are finding it extremely difficult to see ahead, but they believe that once stocks have been rebuilt to planned levels possibly by around mid-July, business will be at slightly lower levels, though much will depend both on the area of the country being served and the customer.

One stockholder whose turnover is 4 per cent off the comparable 1979 period considers he is doing not so badly and is not anticipating much worse. Another thinks that overall his customers will be buying 12 per cent less in rebuilding stocks, even though May and June are usually stockbuilding months to take account of the holiday period. And longer holidays and short time working are items that loom larger when considering programmes. Both have to be taken into account when policy-making decisions are taken.

The lengthening holiday period will, in the future, materially alter the traditional pattern of business and make

the recovery of overheads that much more difficult. Possibly, some element of part-time employment may have to be considered by fleet managers to cover staggered holidays by their customers and their own holiday arrangements. At any rate, the peaks and troughs of the business cycle look as though they are going to become higher and deeper when the economy gears up again.

There is also the longer-term question of the extent to which this side of the stockholding business may change in some of its fundamentals. It is a service, rather than a processing operation, as it is in the flat rolled sector, with saws among the chief items of equipment, and their employment is often not high.

One of the biggest stockholders in the country says his total sawing capacity represents only 12.5 per cent of total

deliveries of all kinds.

The role of the general steel sector seems likely to remain much closer to the original function of a stockholder—to hold stocks for customers, especially for shapes and sizes that are rolled only infrequently and in parcels larger than demand needs.

The future is also somewhat mistily obscured by the role BSC may try to map out for itself in the future. The Government has hardly brought in the man it has just to continue past policies and the Corporation's involvement in the marketplace may become much more active.

There is also the unanswered question of the extent to which stockholders may have to compete against direct imports.

The accompanying table indicates how imports are moving, especially in this sector of the market. Some shipments have been brought in by BSC as a hedge against the effects of the strike, but the figures also appear to show that in plates, heavy bars and sections stocks were much lighter than in flat rolled products and quality requirements were not being fulfilled from home sources.

IMPORTS OF MISCELLANEOUS STEEL PRODUCTS (000 tons)			
1979	% of home market	1978	% of home market
2,787	25.3	2,553	25.0
Heavy bars and sections			
188	12.7	87	6.6
Plates			
936	34.2	655	27.9
Alloy (including high speed steel)			
56	17.1	54	16.5
Strip mill (wide coil)			
1,279	36.1	1,418	41.0

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## STEEL STOCKHOLDING V

## Customers protected by pre-strike stocks

THE FACT that the consumers of British stainless steel did not suffer anywhere near the shortages of their counterparts in other grades during the three-month steel strike earlier this year is due, in no small part, to the business acumen of the UK stainless steel stockholding industry.

Certainly, there were shortages of some specific stainless grades and sizes by the end of the British Steel Corporation stoppage, notably in some strip and hot-rolled plate grades. But, by and large, a combination of good pre-strike stocks, and judicious importing saw most of the stockholders' customers through, without too much difficulty.

Anticipating sudden market changes is a major factor in the role of the stockholder, but this only explains some of the very high December stock levels of last year. A more shrewd guess might be that the stockists were hedge-buying against what they considered were inevitable price increases during the spring of 1980. Increases which, incidentally, duly occurred.

Whatever the reason, and the motive, the stock levels of stainless steel to the benefit of UK stockholders was a boon to customers, for the British Steel Corporation supplies virtually all the stainless steel produced in the UK, be it cold- or hot-rolled.

## Rescheduling

It is still too soon after the strike to try to gauge the current mood of the market, affected as it must be for some time, with restocking and balancing of supplies. BSC in Sheffield, the major stainless production centre, is pleased with the speedy start up at its £140m stainless complex at Shepcote Lane and Tinsley Park. Corporation planners anticipated quite substantial rescheduling of orders, but have not been hit nearly so hard as some feared.

Strong emphasis has obviously been placed on building up stocks of grades in short supply, a position which has not been helped by difficulties experienced by two outside suppliers, Sweden and Finland. The current BSC order book now extends to August, which sounds forbidding, but is, in effect, only three to four

weeks beyond the normal stainless lead time.

Prices have increased, both the base price, quoted by the British Steel Corporation, and the surcharge added to counter the rising cost of nickel — so essential element in some stainless steels.

Base price increases ranged from 4 per cent on cold rolled steel to 8.9 per cent on some hot rolled grades. The nickel surcharge added a further 4 per cent to affected steels after April 1. Nevertheless a maximum increase of less than 14 per cent, and an average very much less than that is cited by BSC as encouraging at a time when inflation is nudging 20 per cent.

Just what market share BSC will have when the post-strike distortions level out remains to be seen. At the end of 1979, the Corporation was building up towards a 50 per cent share of the UK cold rolled market, but had not then achieved the magic figure.

In hot rolled stainless steels, BSC was hovering in the 1950s. No one is prepared to forecast the likely figures for the end of this summer, but BSC seems certain to have, at best, batted their claw back, and at worst dropped several percentage points of the market.

Whatever the protestations of loyalty might have been in early January, BSC is realistic enough to accept that they cannot win back every customer overnight. For some years the Corporation operated an often criticised favoured stockholder scheme, in which a small group of merchants received the maximum attention from BSC. Although this has not been dropped, it has been formalised to a maximum extent and now around a dozen stockholders work with this special relationship — and BSC is always willing to consider adding to their list, after suitable assurances. Such a special relationship may no longer be relevant in terms of discounts on steel,

but can prove its worth at a time like this in terms of supply priorities.

Obviously not all stockholders would be interested in such a loose tie-up. Many handle grades not produced by the BSC.

Perhaps the most heartening news to come out of the big Sheffield stainless complex in the past few months is the final commissioning of a vital piece in the UK supply jigsaw, the bright annealing unit at Shepcote Lane. This will enable the Corporation to enter a major market area which it has, so far, only been able to deal with in minute quantities.

## Bulk market

The commissioning of the bright annealer will allow BSC to enter the bulk market for bright annealed 30 series chrome/nickel steels, and the 400 ferritic series. These grades cover important consumer products, such as trim, kitchenware and hollowware.

Already, BSC Stainless executives say they are encouraged by the favourable reaction given to samples and by what one corporation expert described as the "open-minded attitude" of stockholders and consumers.

More price increases seem unlikely in the next few months, despite the continued uncertainty about nickel. The other raw material shortage which prompted a surcharge, molybdenum, has eased considerably, and led to surcharge reductions in April. Some were quite substantial — the main molybdenum steel, type 316, saw a surcharge fall from £44 per tonne to £29 per tonne.

The future of such surcharges remains unclear; there is evidence of a growing lobby wanting them incorporated into the straight base price of the steel, but such a development may have to wait for more stability in the respective raw material markets.

Indeed, the whole question of

surcharges invariably throws up a host of problems. Stockholders are businessmen — they see raw material prices moving as erratically as anyone, and few now seriously question the justification for nickel and molybdenum surcharges, over the last few years.

The sudden cut in the molybdenum surcharges, however, was not universally welcomed — certainly not by merchants who had a considerable stock of molybdenum steel, upon which they had paid the full £44 per tonne surcharge. And merchants are now making it clear that the Corporation will have to thoroughly prove its product in areas like their new bright annealed steel, a market field where they have little or no reputation to display. As Mr. Duncan Turner, product group director for stainless steels points out: "We have to serve very demanding end users. If they don't like what we send them, then it is not accepted, and back it comes."

Stainless steel is a fickle market, which is highly fragmented in terms of the supplier stockholding industry. Imported stainless steel of almost all grades is quite freely available.

Indeed, stockholders who decided to buy abroad during the strike found that getting prompt deliveries was no problem. Getting such deliveries on a one-off basis, without the obligatory longer term tie-up, certainly was.

There is little enthusiasm for overall market buoyancy for the remainder of 1980. Business is currently flat, and consumers, as well as stockholders are still absorbing the lessons of the BSC strike. Many customers managed to exist, and even function almost normally with stocks substantially less than they had been used to holding.

If this is taken as a model, and the consumer continues to stock less, then this will throw an even heavier burden on the stockholder, who will not only have to try and foresee the vagaries of the steel market, but also have to be prepared for even more erratic demand from many customers who, as usual, will want delivery "yesterday" — be prepared to accept it today, but wince at the thought that it might have to be the day after tomorrow.

## STAINLESS STEEL

FRAZER WRIGHT

## More buoyancy in high technology markets

## SPECIAL STEELS

FRAZER WRIGHT

WHEN Mr. Derek Bird and his partner launched a specialised stockholding business in a Yorkshire town some years ago, one of their first customers — for top-quality black bar steel — was a major UK pump manufacturer. After the first delivery, the customer made a point of complimenting the new stockholder on quality and delivery.

Just one small point: the customer did have trouble getting the bar cut down to size. The point was taken, and future deliveries were cut to size by the stockholder. Black bar is, of course, in a semi-finished state, and needs surface grinding work before use. Fairly soon, Mr. Bird's company was grinding too. The customer was delighted — but mentioned casually that the tolerances were, perhaps, not quite as tight on his process really needed. The stockholders asked for a tolerance gauge. Now they are as tight as a drumstick. Could the stockholder also handle exact cutting to length?

Mr. Bird still has that original customer. But now he supply virtually the finished shaft, complete with keys and oil rings, and ready packed in plastic," he said. Here is evidence that the role of the specialist steel stockholder might start with an order for a couple of tonnes of black bar but, if he is wise to the inexorable development of stockholding as a service industry, he will continue to mechanise and develop to provide such a service.

## Definition

There is no clearly definable special steel sector, of course, no more in stockholding than there is in steelmaking, if it comes to that. What, to some stockholders, is a bulk steel is, to others, specialised steel of the most unfathomable kind.

Consider stainless steel: in terms of flat products, such as sheet, or plate, it is now quite clearly a bulk steel, being produced in thousands of tonnes by the British Steel Corporation in Sheffield and South Wales.

But consider stainless steel bar — and that is a very different product. Specialised, and produced to orders which seldom go into the hundreds of tonnes, it is quite clearly a highly specialised steel for the

high-technology industry. Also, it is invariably produced by smaller, private-sector steel makers, both in Britain and Europe. It also happens to be priced near a "precious metal," in certain cases, as customers sometimes complain, with mock anger.

So, special steel often needs a special service back-up, either from the stockholder, or, using his expertise to find such service, from the steelmaker. In Sheffield, a leading private sector steelmaker, Firth Brown has just commissioned a £12.5m precision forging development, with a massive, Austrian-made, GFM automatic forging machine as its centrepiece. This will certainly improve productivity and yield for the steelmaker.

But it has created considerable interest among specialised stockholders, too. For it now offers the promise of a home supply of large sized forged rounds in exotic alloys, such as stainless and nickel based alloys, going up to some of the really exotic super alloys that this engineering steelmaker has long specialised in.

One of the advantages of the GFM is its ability to sidestep the production restraints of the conventional forging press and offer a totally consistent product with a good surface finish.

Special steel stockholders — whatever their own speciality product — invariably serve high technology markets, and there is some evidence of buoyancy at the moment, certainly in the aerospace market going through a period of almost frantic order books, the oil-based industries, and, increasingly, the defence market. The election, last year, of a Government committed to strengthening Britain's defence capability produced a bullish mood that is now being translated into firm orders, it seems.

These are the bright spots, but other sectors are sluggish, report stockholders, with demand for some products often looking slack. The overall

market is fiercely contested between British producers and importers, and despite encouraging signs, there is no real evidence yet that overseas producers are slackening their dominant grip on the market.

Obviously, in some special steel sectors, imports are a must, as there is no British production capacity. High speed steel, in cold-chamber die-casting, for example, is dominated by producers in Sweden. But in the vast majority of stainless bar, tool and high speed steel grades, there are British alternatives to imports. In the past, UK producers have been criticised as being well behind foreign competition in terms of both price and delivery.

Today, as many stockholders will readily agree, there has been a marked improvement in terms of delivery despatch, and a noticeably stronger willingness on the part of many UK producers to try and come to competitive terms with imports. On price, however, there still remains a gap that is often substantial.

The UK producers insist loudly that they are having to face unfair competition from what can be dumped shipments. Some even suspect long-term, subsidised attempts to win the UK market as a convenient sales field for certain European producers.

Mr. Norman Hanlon, whose company Sioderson Keyser is a special steel manufacturer, insists that attempts by the UK producers to compete in terms of price with some of these dumped imports will simply consign the British industry to the sort of early grave already marked out for motorcycles and television set manufacturers. The encouragement of low price specialist steel imports by merchants, and some stockholders, is a sad case of selling the future of an essential British industry for a short term profit, he maintains. But however the source of their supplies, the special steel stockholders are increasingly

providing a sophisticated service that starts once the steel shipments are on their premises.

The days of simply supplying a customer with, for instance, inch diameter bar, are fast disappearing. Today, some service centres — an increasingly used term for the steel stockholding establishment prepared to offer more than a basic intermediary service between the producer and the customer — are able to offer bar at a size tolerance down to half a thousandth of an inch.

At a time when manufacturing industry is putting every job under a microscope — particularly in any modest expansion programme — such a service can make all the difference between a flat market, and a lengthy order book. For these are not simply apps to keep a customer happy. This is precision work, done by advanced and modern equipment, for which the customer willingly pays a considerable premium.

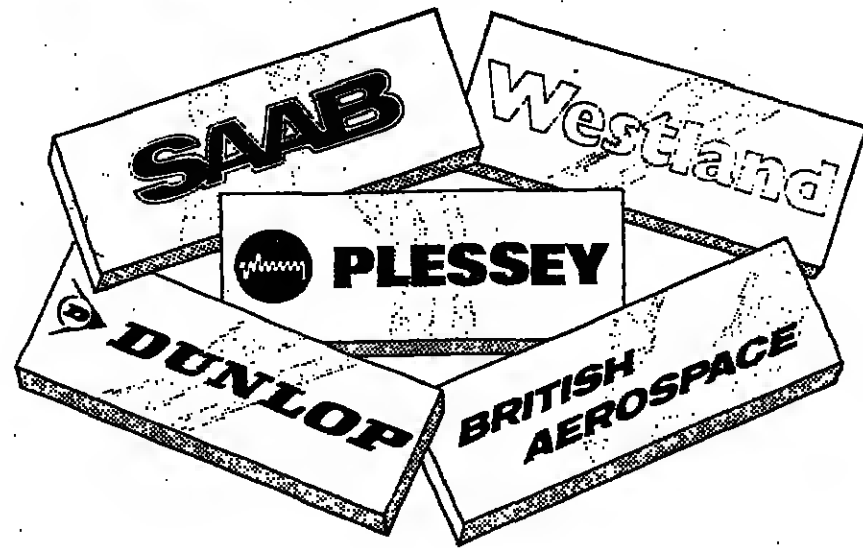
There is little doubt, however, that the main market promise for 1980 and beyond lies in the aerospace industry. Demand for specialised steels and other metals by Rolls-Royce for their booming RB 211 engine programme alone is cited as underpinning many companies. Add to this the parallel development programme for the Tornado multi-role military aircraft, and you have a new cycle extension.

## Big question

How long will this last? Mr. Michael Howarth is a director of Spencer Clark Metal Industries, which not only produces some of this very high quality aircraft steel, but acts as a major stockholder for an even wider range. He sees the possibility of 70 per cent of the present world airline fleet being due for renewal in the next few years, so there seems little chance of the present boom peaking out.

Indeed, inevitable constraints with rare metal shortages could act as a natural check to any sudden production peak, with subsequent downturn. These shortages, says Mr. Howarth, seem likely to regulate production at about two-thirds of demand, which would stretch out the whole cycle for a matter of years.

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## STEEL STOCKHOLDING VI

## The outlook remains depressed



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THE TUBES sector in steel stockholding is currently in a state of some confusion in the aftermath of the British Steel Corporation strike, with even the major stockholders unable to determine the true direction of the market.

Even before the strike, particularly in the run up to Christmas, the market was seriously distorted by companies building up stocks in anticipation of a long closure at BSC. During the strike itself there was also higher-than-average buying for stocks.

Now stockholders are experiencing a slowdown in buying as companies use up their considerable stockpiles in a market which is in any case depressed by economic factors. The decline in demand began as far back as the middle of last year, after a reasonably buoyant first half, and the outlook now is somewhat depressing.

Even when stockpiles have been brought back to normal levels demand is unlikely to be any better than the third quarter of last year, the last undistorted period. Some optimistic forecasters believe there could be some improvement after August, but the economic outlook hardly supports this.

Demand for tube for gas and steam, water heating and ventilating has been relatively stagnant for a long period and is showing little sign of improvement. Similarly the market for pressure tubing for the petrochemical industry, once a major market, has also been flat as a result of relatively low capital expenditure in that sector.

Although the tubes sector has in the past been able to withstand recessionary periods better than those specialising in flat products, the two cannot be entirely divorced. For example, it is feared that recent shortages of sheet metal in the motor industry may have discouraged the buying of tube, which would merely have to be held in stock.

Similar problems have arisen in the building industry, which is in any case going through an extremely difficult period. Due to shortages of structural steel in some areas building projects have been delayed, with consequent slowdowns in orders

for tube to be used in the buildings.

There is also evidence that during the strike there was a great deal of improvisation in industry in which overlooked stocks were brought forward for use where possible, and some interchange of stocks between company divisions took place, further reducing overall demand.

But the most notable effect of the strike, in the view of both GKN Steelstock and Tube Investment, is that the level of imports has risen dramatically in the past few months, although the long-term results of this can only be guessed at.

Most stockists have had to import during the strike to maintain their stock levels, and with around 70 per cent of all supplies passing through their hands in the UK, this means that imports have almost certainly taken a larger share of the market. However, the most important aspect of this is whether imports will be able to hold that share.

## Competition

Although British buyers of imported tube are unlikely to have had to commit themselves to long-term import contracts, given the serious over-supply position in the world tube market, many discovered that on price and delivery, European producers are highly competitive.

Having been reluctantly compelled to go abroad, buyers may also have had some of their doubts about quality dispelled, and it seems likely that many will at least retain some imports as a second source of supply after BSC. Even now, some weeks after the end of the strike there are shortages of some specific steel products in the tube sector.

BSC is well aware that after a strike of three months it cannot expect its customers to be as confident in the corporation as in the past, despite its previously good record on industrial disputes. However, it hopes to emerge by the autumn with a very large share of its British business intact.

At the main centre of the corporation's tube production,

## TUBES SECTOR

LORNE BARLING

Corby work is going ahead on the £45m investment plan to improve the efficiency of mills. Despite the gloomy outlook for the corporation as a whole, the prospects for the tube sector are seen as somewhat better in the long term.

Corby entered the year with a large order book, and more have come in since then, enabling output to be increased steadily. Although management believes that it is too soon to judge the underlying strength of the market, the prospects for the rest of the year are not encouraging.

BSC recognises that tube imports have been high recently and some European mills have done extremely well as a result, but the big question is whether permanent damage has been done or, put another way, to what extent will UK buyers maintain second sources of supply.

Although the investment pro-

gramme at Corby will progressively make the mills there more competitive, BSC is still faced with the uphill struggle of selling at higher prices than many European competitors, who have taken the opportunity created by the strike to offer very attractive terms.

There is little prospect of BSC pushing through price increases on tubes this year, since that would widen the already troublesome gap in prices which now exists. Although profitability is clearly at stake, BSC recognises the need to compete strongly on price and quality, and believes in the longer term the outlook is not as bad as most people believe.

In the tubes sector, the next few months will be critical for BSC, since it can rely on little other than loyalty and confidence in its future to persuade its customers the steel stockholders, to order its products.



Orders for steel pipes being prepared at a Sandvik warehouse—"we're holding our own in a static market," says a company spokesman



Cut plates and coils stacked for delivery at a GKN Steelstock warehouse

## Further rationalisation is inevitable

## FLAT-ROLLED PRODUCTS

PETER CARTWRIGHT

"THERE IS much more in the sandwich these days than just selling steel," said a Midlands stockholder, voicing the attitude and outlook of the majority—though they may not have gone so far as to implement their beliefs.

What he was really saying was that the business long ago ceased to be a matter of keeping customers happy by taking over their stockpiling problems and keeping them happy by investing in equipment to provide them with the raw materials for their production lines when they wanted them.

A year ago, senior executives in the industry were reporting that capacity in the flat rolled products sector was probably 50 per cent greater than demand required. That was soon after the slick operators, the "pen and ink" people who received the order before they ordered the steel, had largely disappeared and during the catastrophe period when some substantial enterprises were making up to £750,000 losses as the market turned sour and inflation raced along.

Some of those enterprises have gone to the wall or been amalgamated. Others, for whom stockholding was an adjunct to their main business, quietly folded their tents and stole away when the losses began to mount.

## Over-capacity

There is still overcapacity, despite the thinning of the ranks, though with everyone replenishing their stocks it will not become clear how much until the autumn at the earliest. The arguments are not good. The British Steel Corporation has recovered more rapidly than even the optimists within it thought, and outside the popular ranges supplies are beginning to overtake demand.

By the end of June, BSC is expected to have regained its balance and it will not be many weeks after that that stockholders will also be stocked up to the levels they deem will see them through what promises to be another dreary winter.

Already, many of them are back to two-thirds of their pre-strike levels and they foresee an era of bitter competition starting that is bound to lead to further rationalisation.

Survival will more than ever depend on all-round efficiency.

As the man said, there is more in the sandwich than just selling steel. Stockholders have been steadily moving closer to the

customer's production line by proving that automotive component suppliers, fridge and tube makers can rely on stockholders for raw materials as much as if they were on his own premises, and without the inevitable fluctuations in demand with smaller stocks and the space freed may be put to productive use.

British stockholding operations are reckoned to be the most sophisticated in the world, and the steel strike gave another impressive demonstration of the flexibility and reliability of the service. The more progressive have also anticipated the growing demand for products shaped and sized to much tighter tolerances to take account of computerised machining centres and automated assembly lines. Customers faced with heavy capital expenditure if they equip themselves to do the job as accurately as being won round to the view of leaving more, much more to the stockholder.

This aspect is, indeed, one of the most hopeful signs for the future, for with customers saying they will only be rebuilding stocks to 80 to 85 per cent of the slack demand and uncompetitiveness in export markets any extra business from them is all gain. So, a transfer of stockholding responsibility, emerging as one of the more hopeful aspects of a dull picture.

Meanwhile, stockholders are re-examining every part of their activities to see how productivity and overall efficiency can be improved to maintain acceptable levels of cash flow and profit margins. Computerising office functions, as well as the more practical activities downstairs, are one way, and more stockholders are encouraging middle and senior management to broaden their knowledge and experience of other functions so that the interaction between them can be better appreciated.

Those handling finances are becoming more sales-oriented and the Board is sending

the northern area stretching from the Wirral over to the Wash.

The North Midlands area extends from the North Wales coast through the middle of the Black Country to the Norfolk coast, with the South Midlands stretching from Gloucestershire to the Suffolk coast. Southall will serve the South East region including Hampshire, Oxfordshire and across to the Kent coast, with Caldicot being responsible for South Wales and the South West from Dorset downwards.

BSC sees stockholding as a profitable long term enterprise even though the service centres obtain no better terms from the mills than the private sector, and quite clearly it is going to battle hard for its share of a depressed market.

BSSC's views on capacity is that there is far too much. It does not disagree that available business will be down 10-12 per cent during the coming year, and confirmed that steel production was outstripping incoming orders. And, as a parting shot, forecast that turnover for BSSC this year would be as great as in 1979.

## Machinery

Keeping machinery and equipment up-to-date is seen by the more shrewd operators to be a cardinal factor in securing the future, despite the slimming of profit margins, and almost everyone seems to have improved operational productivity by not replacing labour wastage.

"We thought we ran a pretty lean organisation and have been mildly surprised to find we were in fact somewhat over-manned in places," said one.

The rationalisation and weeding out of surplus operations that is going on among companies is also happening within companies. British Steel Services, the stockholding arm of BSC is engaged on just such an exercise since filling up last autumn the rest of the 15 per cent of the market agreed with the European Economic Commission with the acquisition of Dunlop and Rankin. That share could easily become more but for the restriction.

The rationalisation is being undertaken to give a more coherent character to the now extensive operations. BSC has six centres in addition to Lye, the headquarters near Stourbridge. These are at Wolverhampton, Southall, Caldicot, near Newport, Wales, and Scotland and Leeds.

Activities are being decentralised, with Lye becoming a smaller head office and more emphasis being put on the regions. Scotland is one, with

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## PRIVATE STEEL

JUNE 24 1980

The Financial Times proposes to publish a Survey on the Private Steel Industry in its edition of June 24. The provisional editorial synopsis is set out below:

**INTRODUCTION** The private sector of British steelmaking, which some politicians forecast would "wither on the vine" after nationalisation, has seen its relative position improve steadily. Today it has about 20 per cent of steel production compared with only 10 per cent in 1967 after Vesting Day. It is better equipped than at any time previously and has a vital role to play in the future development of the British Steel Industry.

**THE FUTURE FOR PRIVATE STEELMAKING** The old, sharp barrier between the public and private steel sectors is crumbling. The British Steel strike has helped accelerate the trend. In the future there will be joint ventures and a new respect by the two sectors for each other's capabilities. GKN and British Steel are already talking about rationalising some of the country's biggest wire and rod interests into a joint company.

**NEW STEELMAKING** Private sector was expected to move down-stream towards more sophisticated steel products; however, in the event, it has also moved up-stream with heavy investment in bulk steelmaking based upon the electric arc route.

**THE NEW MILLS** A fashion of the 1970s; geared to serve specific sectors of trade; boom of private sector.

**RAW MATERIALS** Importance for bulk private sector steelmaking of correct assessment of future raw materials supplies and costs; possible European scrap shortage; directly reduced iron ore as an alternative.

**EUROPEAN STEEL INDUSTRY RELATIONS** Stabilising of European industry through the Davignon Plan; benefit of contacts with the Commission in Brussels and other steelmakers in Europe.

**SAFETY AND TRAINING** Active lead and practical help to small companies from larger private sector companies; iron and steel Training Board assistance to both sectors.

Editorial coverage will also include:

THE STRUCTURE OF LABOUR RELATIONS

BRIGHT BAR AND COLD STRIP SECTORS

TUBES

WIRE

FORGINGS

Copy date June 10, 1980.

Paul Jefferis

Financial Times, George House  
George Road, Edgbaston, Birmingham B15 1PG  
Telephone: 021-454 0922

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Thursday May 22 1980

# Why training matters

IT IS a common observation that, even at a time of high and rising unemployment in the UK, there are persistent shortages of particular skills which are holding back production in a number of companies. Over the longer term, moreover, there is no doubt that countries with a well trained and adaptable labour force will cope more effectively with the industrial changes brought about by technology and international competition. The British system of education and training for industry, despite the substantial resources and the large number of institutions devoted to it, suffers from a lack of flexibility. It is slow to respond to new requirements.

## Obstacles

The report published today by the Central Policy Review Staff provides an admirable starting point for an attack on these problems. The authors stress that the need is not for a new government blueprint, but for the elimination of a large number of institutional obstacles which inhibit the system's sensitivity and speed of response.

The CPRS report is especially valuable on the subject of training. There is too much emphasis on initial training at the expense of upgrading and retraining later in life. Moreover training is concentrated on a relatively narrow range of jobs, for reasons which are as much to do with tradition and collective bargaining as with the intrinsic training needs of the occupation. This applies particularly to engineering where key skilled jobs are effectively reserved to workers who have undergone apprenticeships at the outset of their career.

Control of entry to certain trades through lengthy apprenticeships can easily become a restrictive labour practice. It reinforces the craft demarcations which are one of the major reasons for the UK's low level of productivity.

Many skill shortages are due to training requirements which are unsuitable for the job or to the inefficient use of the skilled manpower that exists. "Providing more training of the traditional kind," says the report, "is at best an extravagant and at worst an ineffective way of meeting the problem."

To the extent that it validates an inappropriate system of training it may make the problem worse.

Past government policy, including the establishment of industrial training boards, has been based on the assumption that employers and unions know best what sort of training they need. This is a view which has to be modified, since unions and management may be more interested in maintaining systems of training traditional to their industries than in serving the long-term needs of the economy, which call for greater flexibility between occupations.

One of the consequences of the narrow focus of most industrial training boards is the neglect of occupations which cross industry boundaries. This may be why some of the most persistent skill shortages relate to widely used skills, such as those of draughtsmen, test technicians and maintenance engineers.

## Part-time study

There are other weaknesses in the system. Vocational education, though closely tied to the needs of industry, has a low status compared to the academic route of school and university; this is partly because of the confusing jumble of qualifications and examining bodies. There is a need to fit pre-employment courses into a common pattern and to develop some kind of national structure to help them gain currency with employers. On adult education the CPRS report urges closer links between full-time and part-time studies. If, as is likely, the number of full-time students falls, the universities should be encouraged to fill their capacity by taking on more part-time and mature students.

Yet it is at the transition from education to work where most effort at reform needs to be applied. The most alarming statistic in the CPRS report is that at least a third of those who leave school at 16 go into jobs where they receive virtually no training; they probably never receive any training in the course of their working life. These people represent a resource which, if put to use through training and education, could contribute both to higher levels of productivity and to lower levels of unemployment.

QUEBEC has given Canadian federalism another chance. Thus Mr. René Lévesque, Premier of the French-speaking province, summed up the referendum which denied him the authority to try to negotiate sovereignty for Quebec in an economic and monetary union with the rest of Canada.

If English Canada was inclined to float, it did not show on Tuesday night as the figures built up to a three-two defeat for Mr. Lévesque. Canadian leaders, from Mr. Pierre Trudeau, the Prime Minister, down, appealed for tolerance and reconciliation in a renewed Canadian federation. Mr. Lévesque himself, moved to tears but unrepentant, said the verdict had to be accepted.

Thus, he did not take the opportunity to claim at least a moral victory. That would have been open to him if the figures had indicated that a majority of Quebec French speakers had voted "yes" to Mr. Lévesque's question. Proof positive is not possible but an early analysis indicates that the French were closely divided, but had narrowly come down on the "no" side.

But English-speaking Canada will ignore the narrowness of that margin at its peril. For it was above all the younger generation up to 25 years of age who had voted "no". The English-speaking minority of about one in five Quebecers was the minister of the "no" vote. It is of British but also of Italian, Greek, Jewish and other origins.

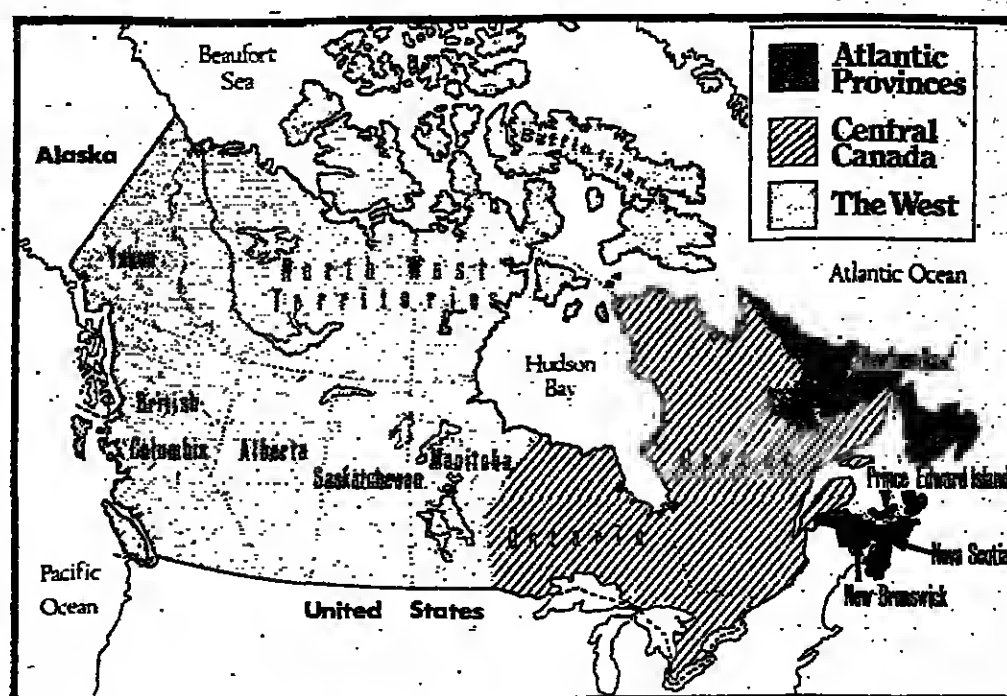
The immediate effect of the referendum upon the rest of Canada is likely to be to revive a determination to accommodate Quebec's aspirations within confederation. Something similar occurred after

## English-speaking Canada will ignore the narrow margin at its peril

November 16, 1976 when Mr. Lévesque's Parti Québécois was swept to power in the Quebec provincial assembly. Several conferences were held to discuss constitutional reform, but the concrete results were almost nil. Mr. Lévesque's own determination to hold out for sovereignty which English Canada could and would not concede was the main reason. But English Canada itself turned lukewarm as the shock of 1976 wore off.

During the referendum campaign, Mr. Trudeau announced firmly to work for a renewal of Canadian federation to satisfy Quebec's aspirations in Canada. He renewed that undertaking after the result was in.

To this day, French Canadians have not lived down the conquest of 1759 when France was seized by the British. The French felt colonised and were the poorer part of the Canadian population. Twenty years ago, the average income of French-speaking men in Montreal was half that of English speakers.



That gap has shrunk to less than 15 per cent, but there is more than money and jobs to Quebec nationalism. Mr. Lévesque zeroed in on its real nature when he hammered away at his campaign theme that Quebec wished to talk to English Canada as among equals.

It is all part of the process begun by the so-called Silent Revolution in which Quebec emerged from a clerical and reactionary provincial regime into the second half of the 20th century. The leader then was Mr. Jean Lesage, Liberal Premier in the 1960s who came from retirement this year to campaign against Mr. Lévesque.

Mr. Lévesque himself began his political career as one of Mr. Lesage's ministers: his best-known achievement then was the nationalisation of private power companies and the creation of Hydro-Québec, a power company owned by the province and one of Wall Street's favourite borrowers.

Hydro-Québec is an entirely French-speaking organisation, providing proof that not only Canada's English speakers have managerial talent. Its foundation was a landmark on a road which has led an increasing number of Francophones into middle and at time upper management of Canadian companies.

The Lévesque Government has all along claimed to be in a legitimate line of succession reaching to Mr. Lesage and beyond. But its predecessors all worked for the greatest possible rights for Quebec within Canada, whereas the ultimate aim of the Parti Québécois was known to be political, though not economic separation. That was a road down which the electorate would not follow, even though the concept of economic union was supposed to silence doubts whether Quebec could be economically viable on its own.

Instead, the voters followed Mr. Claude Ryan (French Canadian in spite of the Irish

name) who promised to fight for what he called a "renewed" federalism. The salient points of his proposals are outlined in the panel accompanying this article.

Renewed federalism has become the stock in trade of federalist politicians. But it would be foolhardy to believe that they all mean what Mr. Ryan has in mind.

The various provincial premiers have their own immediate interests at heart which may very well overlap with his ideas. But Mr. Trudeau would probably want to go much less far.

Mr. Trudeau's chief interests are guarantees for French language rights, a difficult matter for Premiers of English-speaking provinces, and the so-called patriation of the constitution. That means agreeing and putting into effect a genuinely Canadian constitution instead of the British North America Act passed by the British Parliament in 1867 when Canadian confederation was created.

Patriation will be possible only once the Federal Parliament and all the provinces agree to petition Westminster to make the change. The last attempt to agree failed at the Victoria conference in 1971. The Liberal Government then in power in Quebec had said "no".

The stumbling-block was a clause laying down how a Canadian constitution could be amended. Quebec was afraid of being outvoted at some future date.

Mr. Ryan has devised a formula which would in effect give to both Quebec and Ontario the right to block amendments, as well as to any two of either the Western or the Atlantic provinces. Something similar was proposed by the Task Force Of Canadian Unity appointed by Mr. Trudeau. Its report was presented last year but some forward the idea of special rights for Quebec which did not

go down well with the Prime Minister.

Mr. Trudeau has been talking of a constitutional conference in July. It may easily fall as the Victoria conference did because Mr. Lévesque, not Mr. Ryan, will represent Quebec. The Parti Québécois parliamentary mandate runs until November 1981. If the latest opinion polls may be believed it has an excellent chance of returning to power. The referendum need not necessarily have changed that.

The defeat may, of course, lead to serious recriminations within the party. Some of its members believe that Mr. Lévesque would have been wise to campaign for something stronger than a mere mandate. Ottawa then achieved a compromise because it controls inter-provincial and foreign trade and Alberta exports almost half of its oil to the U.S. and wants to increase its sales of natural gas there as well.

Alberta complains that its interests as an oil producer but also as a potential manufacturing province were sacrificed to the traditional manufacturing

## MR. RYAN'S RENEWED FEDERALISM

AIM: To overcome strains within the Canadian federation by enhancing the powers of all the provinces and giving Quebec additional guarantees.

PARLIAMENT: Replace the nominated Senate by a Federal Council of delegates of the provincial governments. Quebec to have at least a quarter of the seats. Federal measures imposing non-provincial responsibilities to require Council's approval. Otherwise, it has advisory capacity only. System of partial proportional representation to be examined with a view to giving more adequate representation in the House of Commons to regional political tendencies.

SUPREMACY: Three of nine judges to be from Quebec. Appointment of judges to require ratification by Federal Council.

PROVINCIAL POWERS: Real estate, natural resources, education, involving little change. Social security to be exclusive provincial responsibility though interprovincial migrants would retain right to benefits. As an innovation nuclear power to be provincial responsibility except where defence and international commitments are concerned.

FEDERAL POWERS: Defence and international relations, international trade and tariffs, citizenship, admission of immigrants with enhanced provincial role in their selection. Abolition of Federal right (not used since 1930s) to over-rule provincial laws.

LANGUAGE: The right to use both English and French in courts and legislatures to be guaranteed in Manitoba, Ontario, Quebec and New Brunswick. Provinces with fewer French to make own rules.

THE CROWN: Abolition of monarchy preferred, but does not require immediate attention.

a better argument than ballot boxes.

Just as it is important to realise that the resurgence of Quebec nationalism is not confined to separatists and supporters of Mr. Lévesque's Parti Québécois, one should bear in mind that provinces other than Quebec often chafe in federation.

The British North America Act originally was a centralist document. It even gave the Federal Government the right to "disallow" or overrule provincial legislation—though that right has not been used for more than 40 years.

Since the Second World War power has been shifting to the more important provinces as they built up qualified bureaucracies of their own. What was more important was the provision of the BNA giving the provinces control over their natural resources. The oil, gas and uranium of Saskatchewan, Alberta and British Columbia have caused the economic centre of gravity to move westward from Central Canada. Tensions have become inevitable because Ontario and Quebec have about half of the Canadian population and hence of the seats in the House of Commons.

The obvious instance is Alberta's fight since the early 1970s to get the world price for its oil. The price now is \$34.75 a barrel and the struggle continues. Short of shutting down its wells Alberta cannot have it all its own way, in spite of the BNA, as events after 1973 showed. Ottawa then achieved a compromise because it controls inter-provincial and foreign trade and Alberta exports almost half of its oil to the U.S. and wants to increase its sales of natural gas there as well.

Alberta complains that its interests as an oil producer but also as a potential manufacturing province were sacrificed to the traditional manufacturing

provinces of Ontario and Quebec. Other Westerners feel similarly. Mr. Allan Blakeney, Premier of Saskatchewan, has said very firmly that it was "totally unacceptable" for the West to be asked to continue buying high-priced protected consumer goods from Quebec if Quebec should decide to leave the federation.

Mr. Blakeney's neighbour, Mr. Peter Lougheed, Premier of Alberta, is extremely bitter because the Federal Government allowed Petrobrax, a company which it controls, to build a world-scale petrochemical complex at Sarnia, Ontario, in competition with Alberta's own project.

Quebec comes into the argument with a petroleum chemistry complex at Montreal which no Quebec government will wish to fall behind. Nor will Quebec give up making steel, uncompetitive though its plants have so far proved. There is rivalry between provincial governments to offer incentives to new industries and for political reasons Ottawa turns its favours one way and once that. Sometimes the need to please Quebec

## Provinces other than Quebec often chafe in federation

prevails; at others Mr. Trudeau's Liberals seem more concerned to raise some support in the West where they returned almost no members in the last two Federal elections.

Inter-provincial rivalries impairing the functioning of the Canadian common market do not end there. There is a fully free movement of construction workers between Quebec and Ontario; some provinces offer tax concessions to portfolio investors in their securities; and in some cases local contractors receive open or hidden preferences in government procurement.

(Details are given in Maxwell and Pestreau, *Economic Realities of Contemporary Confederation*, C.D., Howe Research Institute, Montreal, 1980.)

The westward drift of economic power may be slowed down by the recent discovery of what may be significant gas and oil reserves off the Atlantic coast. But these could equally accentuate the existing problems between Central Canada and the rest of the country.

Thus the difficulties for a renewal of Canadian federation are great. Mr. Lévesque's exclamation, "Here is to the next time," when he conceded defeat did not sound like a surrender. Nor did the great roar of affection from his supporters.

But Canadian federation has again and again proved stronger than anyone suspected. There was much truth in a remark of Mr. Gerard Pelletier, one of Mr. Trudeau's closest political associates, made before the referendum that a "yes" would not be the end of Canada—but "no" would not be the end of the problem.

# Brazil courts old enemies

BRAZIL AND Argentina, the two largest and most advanced South American nations, appear to have closed a long chapter of overt hostility and opened an era of active co-operation in politics, trade, industry, energy and transport. The reconciliation has now been cemented by the first visit to Argentina of a Brazilian Head of State in 45 years. President João Figueiredo returned home at the weekend after a four-day visit to Buenos Aires, in which he was accompanied by a vast retinue that included nine Cabinet Ministers, nearly 200 business-men and innumerable middle-ranking officials. The repercussions of his visit could have a profound impact on the whole texture of Latin American politics and the manner in which the subcontinent deals with the rest of the world.

## Neighbours

The lion's share of credit for this reversal in traditionally suspicious, obstructive dealings between the two ambitious States is divided by fears of one another's geopolitical aspirations and by different racial and national origins, must go to Sr. Figueiredo himself, and to his conciliatory Foreign Minister, Sr. Ramiro Saravia Guerreiro. On taking office in March last year, Sr. Figueiredo made friendly relations with the rest of Latin America an absolute priority—after years in which Brazil had sought co-operation with virtually every one except its immediate neighbours. Sr. Saravia Guerreiro, meanwhile, paved the way for a resurrection of moribund relations with Argentina through quiet negotiations over the development of the two countries' shared river, the Parana.

The nub of controversy had been a mammoth joint dam project planned by Brazil and Paraguay, upstream from the area in which Argentina wanted to build a major hydroelectricity project. Until Sr. Figueiredo arrived on the scene, Brazilian and Argentinian negotiators had found it impossible to agree on the heights and other technical aspects of their respective dams—an impasse that embittered practically every other aspect of the two countries' bilateral relations. Sr. Saravia Guerreiro, however, managed to work out compromise proposals

which gave impetus to the new spirit of friendship that culminated in Sr. Figueiredo's visit at the end of last week.

The emergence of this new political will to co-operate should provide a shot in the arm for the ailing Latin American Free Trade Association (LAFTA), whose organisation is now being reformed. The new mood has also led to an important and wide-ranging co-operation agreement between Brazil and Argentina on the peaceful use of nuclear energy.

With the dramatic improvement in their relations, the two countries are now eager to find common ground in reactor technology and co-operate in their nascent nuclear energy programmes. They are also keen to improve telecommunications in the area, promote joint electricity projects on shared rivers, exchange information on steel and alcohol production and build up trade, which in 1979 stood at \$1.6bn—possibly the largest commercial flow between two developing countries.

Politically, Brazil is not hiding its hopes that Sr. Figueiredo's efforts gradually to liberalise his own country may encourage his counterpart, General Videla, to loosen his iron grip on Argentina.

## Inspiration

Both countries now hope that their new-found friendship will be a step towards a new and more self-confident outlook for Latin America as a whole. In the past, the subcontinent has failed to make full use of human and natural resources that were always there, but which were largely overlooked as Governments turned to the U.S. or Europe for inspiration, security and technical assistance. The tendency was to stress local differences rather than similarities.

At the same time, Brazil is now developing more active links with Venezuela and Mexico and working to promote regional co-operation through the Andean and Amazon Pacts. Once seen by its neighbours as the hungry giant threatening to consume the rest of the subcontinent, the country is doing its best to alter its image. After a remarkably short time, the first results look encouraging.

# MEN AND MATTERS

## Kit braces up for Paris

Kit McMahon, Australian-born deputy governor of the Bank of England, and tipped by some as the next governor—has just won the coveted title of chairman of Working Party 3 of the OECD.

WP 3, in banking jargon, is the 25-strong influential permanent committee which deliberates on the international effects of member countries' balance of payments policies.

McMahon, 52, believes that the present highly formal framework of discussion often strangles real debate at present, each member in turn presents an exposition of his country's position. Under the measured banker's tones, the lingering trace of an Australian accent underlines McMahon's determination to replace old world formalism with free expression.

One of the first issues he wants debated in the new atmosphere is monetarism. Many countries, he feels, are adopting monetary policies for internal reasons without really considering the knock-on effects in the international arena, particularly as regards the flow of capital round the world.

His intention is to wake up his central banking colleagues in advance of an international crisis rather than have to muster a rearguard action.

## Silver lining

An incongruous ray of sunlight irradiated one corner of the gloom-laden offices of the Quebec Delegation to the early hours of yesterday morning.

Back in Canada Quebecois' had just voted a resounding "no" to the proposal for sovereignty for the province.

Dependancy reigned as the news trickled over the wires from home.

Only in one corner of the room I noticed, was there a glow of quiet contentment; the senior men from the Royal Bank of Canada and London-based



"Ignore him—he's probably from the new Police Foundation."

consortium banks with Canadian links seemed to be taking it cheerfully.

In the run up to the referendum their fund raising programmes for Canadian companies and the government had been seriously disrupted, they informed me over some possible French wine. International investors simply would not commit themselves to Canadian euro-dollar issues at prices fixed in such a political vacuum.

The Quebecois' firm preference for Quebec was just the flipside of the market had hoped for and the log jam of Canadian loan issues could begin to break up. As the body of the room began the wake for Le Québec Libre, the bankers were raising their glasses with quiet smiles.

## Fishy phase

At the CBI dinner the other night, it seemed from where I was sitting as if the president, Sir John Greenborough, was being unduly offensive to his chief guest, the Chancellor of the Exchequer, when he laced his attack on the level of interest rates with a story about what sounded like "piscatorism". However, it seems that Sir

John, well known for his light-hearted approach to speech-making, was in fact talking about "piscatorialism"—the art of fishing. Criticising the Government for putting too much strain on industry with its monetary policy, he piscatorially suggested that the line should be played with more finesse, otherwise the rod might break and the catch be lost. A gentle winking of the reel to play the fish should not, evidently, be seen as a "U" turn.

## Celluloid wound

I hear that the television film *Death of a Princess* may not, after all, have been the final, determining factor in the departure last month of the British ambassador to Jeddah, James Craig.

"The Saudis seemed to be able to swallow the idea that the British Government couldn't do much about an independent film, but thought that since it owned the BBC, it must be able to ensure a less critical approach from them," I am told. Despite the high incidence of official Saudi spokesmen per square inch in a Panarama programme screened soon afterwards, various remarks seem to haveuffled already wounded Saudi sensibilities: the British were asked to withdraw Craig two days after the transmission. "I think," says my man on the inside, "that the Saudis expected a balance, and didn't feel they got it."

No doubt Lord Carrington will steer his way through the minefields with his customary aplomb when he makes what is billed as a definitive statement on Saudi relations at the Middle East Association today.

## Miscalculation

A City reader tells me he was much annoyed by the overnight disappearance of his new calculator, a veritable pocket computer able to do practically

everything except play chess with him.

Gloomily leafing through the Byzantine instruction booklet, he had what he felt was a good idea, and pinned the booklet on the noticeboard with the message: "Will whoever stole my new calculator please return it immediately? Failing that, here is the instruction manual. Ted."

Two hours later the booklet had disappeared. A note had been pinned up in its place: "Thanks Ted."

## Mare's nest

I hear that a mare is threatening the ever-delicate relationship between Honduras and Nicaragua. The ins and outs of the affair are shrouded in mystery, but it seems to be generally agreed that the mare belongs to a Nicaraguan, is worth \$19,000, and was forcibly removed from a cattle fair in Honduras by the Honduran police. The incident is the latest in a series of liffs between the two countries since the Somoza dynasty in Nicaragua last year.

Nicaragua accused Honduras of harbouring former members of General Somoza's National Guard, Honduras countered by detaining Nicaragua's ambassador on suspicion that he was passing his time seeking out the national guardsmen. The ambassador, since posted to Moscow, insisted on wearing his guerrilla uniform in public.

## Sense of timing

It emerged yesterday that the Norwegian police have more than one reason to be upset by the £500,000 bank raid effected with the help of a squad car parked outside the bank in Drammen, near Oslo. I gather that half of the town's 100 policemen were away that day—attending a conference on "How to Prevent Bank Robberies."

Observer

**It's a fact**

**Most Industrialists came to Skelmersdale through recommendation by fellow Industrialists**

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# A new approach to public sector pay

RIDICULOUSLY high public sector pay settlements will not prevent the rate of inflation from coming down, for all that is written to the contrary. So long as the Government sticks to the money, supply and budgetary guidelines laid down in the Financial Statement, in the spirit as well as the letter, the rate of inflation will turn down probably further and sooner than Whitehall supposes. One major sign is the shake-out in commodity prices.

By "the spirit" I mean in this instance, allowing a firm monetary policy to be reflected in a strong exchange rate. This has already led to a fall in the rate of increase of sterling prices of manufactured exports to just over 5 per cent—half that of a year ago—and competitive forces will introduce the same pressures into domestic markets if at a slower and less dramatic pace. In pushing for lower interest rates and a lower exchange rate the CBI is simply one other pressure group and should be treated as such.

The real evil that absurd pay settlements can inflict—whether in the public sector or elsewhere—is not inflation, but unemployment. The concentration into a twelve month span of the effects of two Budgets and a large energy price increase has caused commentators to over-stress inflation. On the other hand the normal seasonal improvement has blinded them to the severity of the deterioration in unemployment and in vacancies. It is this rather than inflation which is likely to produce the main political pressures for perverse policy changes.

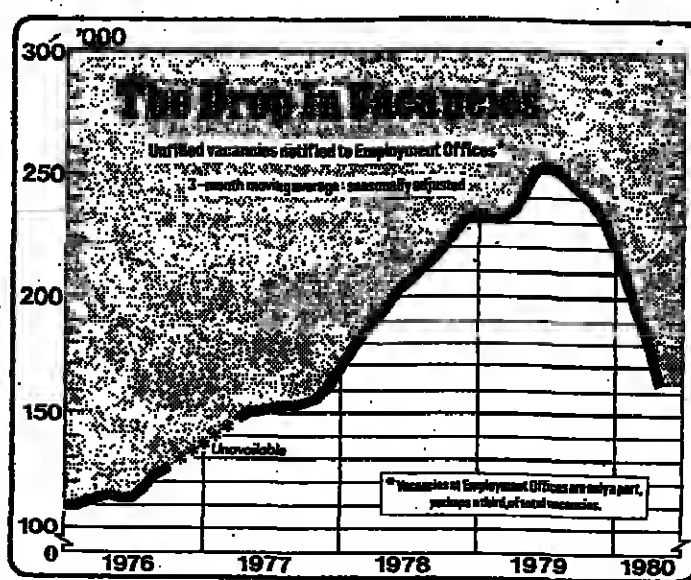
Unfortunately many of the purported solutions to the public sector pay problem are much worse than the disease they are aimed to cure. One part of the problem undoubtedly has been the hang-

over not merely from the last round of pay policy, but from all the rounds since 1975. It is this which leads to the supposedly catching-up awards for doctors, teachers, civil servants, MPs and hosts of others. To try to escape from the consequences of the last few years of pay policy by embarking on a further venture would be yet another monument to human folly. To attempt to use the public sector to "give a lead" in pay restraint would be almost as disastrous as the last year's experience when it has given a lead in pay excess. Both types of error stem from the incomes policy mentality. The reported suggestion of a 10 per cent limit for public sector wage rises is one example of such "giving a lead".

We have been down this route before with the "N minus one" target which the Heath Government set for public sector pay increases in its early phase. The norm for the public sector will sooner or later lead to an

**Embarking on a further pay policy venture would be yet another monument to human folly**

attempt at a norm for the private sector: then an attempt to secure TUC collaboration. This will in turn require gestures such as bidding back pay increases for more highly-paid groups, or workers directly under government control—which will sow the seeds for the next explosion like the present. Then there are the specific dangers. The 10 per cent figure, or whatever it is, will become a symbol for a struggle of wills leading in some cases to higher settlements than would occur



without such pitched battles; government prestige will be involved in each specific wage dispute; and any settlement above the norm will be hailed as a defeat for the whole counter-inflation policy.

But if a pay norm would be worse than useless, the nostrums of a more "right wing" favour do not help much either. For instance, leaving pay to the whims of whichever individuals happen to head "nationalised industries" is a travesty of a genuine free-market approach. These industries have in varying degrees monopoly power and access to the public purse strings. The only way to take them out of politics would be to denationalise them.

If that is not possible, they are inevitably in the political arena and those who run them are in the last resort public servants.

Nor are cash limits as at present interpreted much of a hope. The nationalised industries can, as Mrs. Thatcher has seen,

escape some of their effect by raising prices to the consumer, who is denied access to competitive alternative products.

The weakness of cash limits for public service employees, remunerated out of rates and taxes, is a little more subtle. Many politicians saw cash limits operating, as the name suggested, as a fixed money sum, implying a trade-off between pay and numbers employed.

But as was obvious to anyone who looked at official evidence to Select Committees, Whitehall never saw cash limits in this way. The Whitehall idea is to fix the cash limit for each part of the public sector after it has some idea of likely wage awards. The only Treasury official who ever hinted at using cash limits as a limit on public sector wage costs was Sir Leo Pliatsky, and he, alas was not speaking for his colleagues and is now retired.

The correct principle to apply to public sector pay is, in a strikingly simple, it is that pay offers should depend on the

state of the labour market. If there is a shortage of one particular type of public servant—say qualified draughtsmen—they should be given a relatively increase. If there is a surplus of another type—say educational co-ordinators—they should suffer a decrease.

The formula is not, of course, specifically a public sector one, but has application throughout the labour market. That is its strength. The difference is that while it is accepted common-sense—although applied imperfectly and with many disguises to avoid offending union susceptibilities—in the private sector, it is revolutionary heresy in the public one, and indeed wherever Ministers or arbitration boards have a say in deciding pay.

The Clegg Commission, like most comparability bodies, treats the state of the labour market as almost irrelevant. So does the Civil Service Pay Research Unit and many of the individual public sector tribunals. When the Home Secretary allowed a 25 per cent increase in London taxi fares last weekend, this was justified in relation to costs and not in terms of the market for vehicle hire.

The only case I have heard of retaining the Clegg Commission from a senior Minister is that otherwise there might be something worse. It is difficult to see what could be worse than a body which institutionalises the barely meaningful principle of comparability, which in practice means buying off everyone in sight—including those who do not need to be bought off. The chances of transforming Clegg into a body sensitive to labour market realities are about as high as the chance of transforming a mule into a zebra by painting black and white stripes on its back.

There is no perfect set of institutions which could replace Clegg. In this as in so much else, Ministers and their advisers should think less of institutions and more of principles and policies. If the latter are right, the institutions will take care of themselves; and it does not matter if they are temporary, untidy, overlapping and anomalous. So is life.

The difficulty, as always, is in applying a simple principle. People will disagree on the state of the labour market. There may be labour shortages in some areas or sections covered by a single negotiation and surpluses in others, and there are enormous vested interests against differentiated solutions—such as, for instance, paying a premium for science and mathematics teachers. Coercive union power will sometimes force an excessive settlement in the teeth of Research Unit and many of the individual public sector tribunals.

Most of these pressures also apply in the private sector. A market test can give only an indication of the direction in which to aim. Such a test would certainly not have suggested the recent massive cave-in on public sector pay jointly arranged by the outgoing Labour Government and the incoming Conservative one.

If wage settlements are more nearly at market-clearing levels, there will be fewer labour surpluses and fewer pockets of labour shortage—and this will make a bigger contribution to fighting unemployment than any number of bogus job creation schemes or import control devices.

A market-based pay policy is also fairer to young people entering the labour market or to men and women changing jobs. For by offering attractive terms where there are labour

shortages and unattractive ones where there is a surplus of would-be recruits, the right signals are given about the declining and expanding sectors of the economy.

The worst enemy of clear thinking in the whole wages area is the attempt to make a scapegoat of indexation. All that indexation, sensibly interpreted, means is telling the truth. Indexation does not mean guaranteeing anyone that he will never lose out. It means telling the truth about that loss. If earnings have increased too much, it is not because money earnings have been linked to the Retail Price Index. It is because real wages—whether

**The Clegg Commission treats the state of the labour market as almost irrelevant**

in the public or private sector, in general or particular—have been too high for full employment.

To put the blame on indexation—which is in any case largely absent as a formal device except for pensioners—is to suggest that pay settlements would be more reasonable if the Government or employers cheated: that is if they offered workers x per cent in the hope that inflation will rob them of more than x. If a real wage cut is necessary, it is better to say so openly than to do so by underhand methods, which are soon found out.

The relation which ought to concern the Government, TUC and CBI is not the dubious one between money wages and prices asserted in official briefs, but the relation between real wages and employment. The

right kind of indexation could help in getting this appreciated. It may be difficult to persuade a group to take a limited real wage cut. But it is far more difficult still to persuade people to take an open-ended real wage cut of completely unknown size. If the public sector could enforce 10 per cent money settlements, which is extremely unlikely, it would be any one's guess how big the cut in real wages would be.

Moreover a money norm of this kind would be committing the Government to roughly comparable monetary targets and depriving it of the chance to seize any opportunity to reduce inflation at a more-than-gradual pace.

Might it not be better to try a formula of the following kind? This would be to pay compensation for 40 per cent of the inflation over the last twelve months plus 40 per cent of the inflation over the next twelve months to be paid when it occurs, thus offsetting roughly 80 per cent of the annual inflation rate, half of it forward-looking and half backward-looking. From this subtract 3 per cent because national wages are too high; and then add x where there are either labour shortages or an overwhelming social case for a rise, or exceptionally strong union coercive power. The size of X would vary but in many cases be zero. The envelope suggestion is offered only as a starting point for others to improve on. As the factor "X" shows, it is not a national norm; and even the general formula should be approached tentatively and experimentally. Its merit is that unlike most other suggestions, it focuses on real rather than money wages which are at the heart of the employment problem.

Samuel Brittan

## Letters to the Editor

### Public sector pay challenge

From Professor P. Minford

Sir—Your leader of May 20 states that cash limits have been "ineffective" and demands a "policy for pay" in the public sector. This is a misguided reaction to recent public sector pay awards.

These awards were broadly predictable at least a year ago because of the commitment made by Mr. Callaghan, with Opposition endorsement, to deferred public sector settlements. The deferred element was accordingly allowed for within cash limits. Furthermore, these awards are the result of an incomes policy which was (only) operating in the public sector in 1978/1979 and illustrate the point that such a policy merely transfers settlements from one period to another, with no effect on underlying conditions. It would be foolish to repeat this error under a new "policy for pay".

Cash limits, which give the details corresponding to the planned public sector borrowing requirement, cannot affect the monopoly power of the public sector unions or of the state industries in which they operate. They are not supposed to; other policies must do this if the Government and the public have the stomach to hunt this power and the transfers of real purchasing power that they are making to these monopolies. Such policies are highly desirable. But the point remains that this power has been a feature of the economy for two decades or more; it has nothing to do with inflation or cash limits.

Cash limits are necessary to maintain cash control of public spending, in order to achieve the PSBR target. Given a total cash outlay, the Government on behalf of the public decides the proportions in which the cash is to be spent by category. Barring necessary reactions to unexpected shifts of relative prices in the public sector within the year, these limits must be applied as planned to hiring down to the level of individual markets in the public sector the same trade-off between pay and jobs that money supply limits apply in the private sector.

The logic of this is that cash limits, like the PSBR, must be set consistently with the money supply growth rate. This is already being done under present policies. Negotiators will arrive at a "market solution" given these financial constraints. If the resulting relative prices are unacceptable to society (not least to those made unemployed by the settlements), then action should be taken to curb and preferably eliminate the monopoly power of the public sector openly, directly and permanently. To interfere through pay limits will simply cause a lot of friction with no ultimate effect.

You enumerate nevertheless a number of actions which would have the effect of introducing more competitiveness into the public sector. This is the route to follow. Where actual competition is not available, market tests should be designed to simulate the effects of competition; comparability must be discarded at least as presently interpreted. The Department of Employment could bend its skills and eagerness for intervention in pay to the business of designing such tests and evaluating competi-

tive, market-clearing wage rates. These studies should be widely disseminated and made the basis for an official attack on the monopoly powers of public sector interest groups.

(Professor) Patrick Minford, University of Liverpool, Eleanor Rathbone Building, PO Box 147, Liverpool.

### Lloyds Bank votes

From Mr. P. Ross

Sir—Referring to Christine Mole and Lex (May 10) it would seem that Lloyds Bank is at last giving in to the pressure of pension funds to fully enfranchise their shares. At present shareholders carry a maximum of 500 votes.

The move is, however, being proposed at a time when small shareholders are proliferating among the profit-sharing staff, many of whom are distressed at the board's current policy of pruning some of the bank's services. Under the present voting system the recent annual report indicates that 41,917 persons being small shareholders have 8,792,703 votes while 38,155 large shareholders can deploy only 19,077,500 votes. If and when one share/one vote becomes the rule the large shareholders will control 158,716,334 votes: an increase of some 730 per cent.

At present small shareholders (below 500 shares) would only be outvoted by a 2 to 1 majority if all other shareholders were to oppose them. Under the proposed rearrangement they could be outvoted by an 18 to 1 majority if all possible votes were cast.

Even though the original voting rights may have been unusual the share price reflects the terms and it seems ludicrous that small shareholders should be expected to relinquish their comparative voting strength for a mere 1 for 20 bonus issue limited to a maximum of 25 shares. Lex's comment that most small shareholders can never have known their rights is no good reason for giving them away.

To increase the small shareholder's voting power by one-twentieth while increasing that of the large shareholders sevenfold does not appear to be either fair nor reasonable. If the shares were to be split into voting and non-voting issues then the price differential would be clearly seen and the realistic compensation would be evident. A comparison might be drawn with Great Universal Stores when the current differential on a £4 share is 4p. If we take a figure of 3p for the Lloyds share, based on 139.5m shares being fully enfranchised, the total compensation figure would be some £4.18m, or approximately £100 per small shareholder. As the average small shareholding is 208 shares this suggests a level of compensation over three times that now being offered.

This is however a case where staff small shareholders may wish to exercise their voting powers to influence company policy and in the knowledge that they are growing in voting power they may naturally consider that any price is too small for a restrictive change in their rights.

It may be politic for the bank to appear to be giving way to pension fund pressure now but

spiral shareholders should vote against the resolution unless realistic compensation is offered. P. Ross, 82 Cradle Bridge Drive, Willborough, Ashford, Kent.

### The price of petrol

From Dr. C. Milego-Perterra

Sir—Whatever happened to the 10p increase on a gallon of petrol imposed some two months ago by the Chancellor of the Exchequer?

My local petrol station contented itself with a modest 2p addition to all grades, and it remained at 134p per gallon for four stars, during the past seven weeks. Not that I am complaining!

But, let some oil producer-exporter country in the Organisation of Petroleum Exporting Countries (the Godsend scapegoat of modern economics ministers) dare announce that, in order to compensate for the obvious devaluation of the U.S. dollar, and rampant world inflation, it is going to put \$2 on a barrel of 35 gallons of its crude (i.e., some 3p extra per gallon), and we immediately see the multinational, multi-billionaire oil companies, passing on proportionate triple increases to the suffering consumer.

Might it not be a good idea for all world governments to have a closer look at what, really, is going on behind those hermetic doors of the oak-panelled boardrooms of the "Seven (Ugly) Sisters"? C. Milego-Perterra (Dr.), 32 Birch Grove, Windsor, Berkshire.

### Standard price index

From Mr. R. Skoll

Sir—As I understand it, tobacco and alcohol may be debased as they increase the retail price index when value added tax is applied. Why not follow through the idea raised some years ago of having two RPIs.

The first one called general RPI (GRP) can remain unaltered, the other called standard RPI (SRPI) can be the realistic one. The present RPI is artificial.

SRPI items will include food, rent, rates, electricity, gas, household cleaning materials and small items of clothing. These items in the main would be non-capital in content. Once SRPI had been agreed then index-link pensions, supplementary benefits etc. If unions want to index-link wages/salaries, that is open for negotiation. R. C. Skoll, 25 Westbourne Avenue, Acton, W3.

### Flying from Glasgow

From Mr. A. Lacking

Sir—One way to help Mr. Fraxney (May 19) and many others would be to insist that British Airways uses its new Boeings on the London to Scotland business routes, rather than on ferrying holidaymakers to the Mediterranean. They would burn about £8 worth of fuel less than the thirsty Trident on a return journey.

As I arrived at Gatwick on Sir Freddie's economical Skytrain from Los Angeles on May 17 (3 minutes early), I noted three of the brand new BA Air-

tours Boeings on the apron. But of course BA meets true price competition on the holiday routes. Fortunately, it appears that the traffic loss caused by the grossly excessive fare increases is so large that even BA is considering the Boeing option. A. J. Lacking, Flat 20, 17 Broad Court, Elm Street, WC2.

### Controlling inflation

From Mr. J. Miller

Sir—The Chancellor's hopes (May 17) are seemingly based on controlling inflation by controlling the money supply through high interest rates. This method could take a very long time, will become increasingly painful to many (evidenced by an increasing number of bankruptcies), and has every chance of failing in its objectives. The chances of success are by no means improved by the action of the Bank of England; for when the pincers really begin to bite the banking system yells for help, is given it, and several more billion pounds are sent on their way to flop around within the system.

In order to combat inflation it is not just the amount of money that must be controlled but the speed at which it flows. This speed factor can only be controlled by temporarily exercising control through the banking system. It must take the form of some type of credit controls simply because present inflation rates are largely caused by increasing credit facilities. Control credit and you will certainly control inflation. The Americans realised this vital feature and we apparently have not.

The immediate result would be considerably greater pain than we are suffering at the moment. But it need only be for a short time and the chances of curing the patient would be considerably enhanced. How much better than a protracted sickness, increasing pain, no cure and finally a need for much more violent action. John B. Miller, Meadow Farm, Hollesley, Woodbridge Suffolk.

### Making granny happy

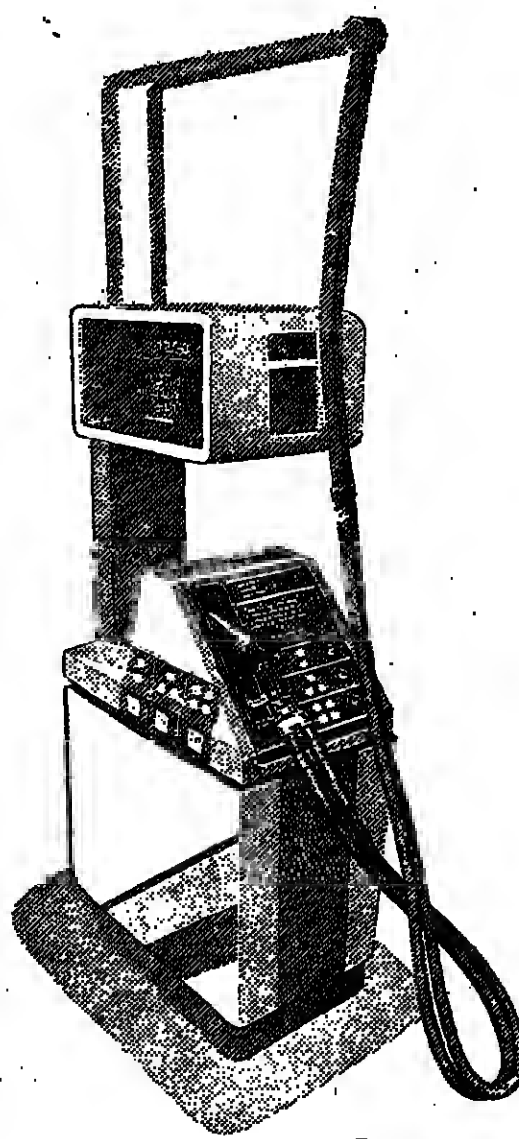
From Mr. C. Donald

Sir—Your article "Making Granny Happy" (May 17) was very fair in drawing a distinction between "nominal" and "real" values. But what percentage of the "grannies" appreciate the difference?

Many are no doubt "happy" to have doubled their money, and to have preferred this form of saving to other risk-free alternatives. But is it a matter for congratulation that in real terms the "grannies" will have done very little more than get their own back? The real rate of interest has been virtually nil, the Government having had the use of the funds almost gratis. Is there not a case for a much larger bonus at the end of five years on the very limited amount which an individual may subscribe, representing probably in many cases much of a lifetime's savings? C. R. C. Donald, 55 Geraldine Road, Malters, Worts.

## Today's Events

**GENERAL**  
UK Princess Margaret confers honorary degree on Dr. Kurt Waldheim, UN secretary general, at Keele University.  
Mr. Len Murray, TUC general secretary, speaks at American Chamber of Commerce lunch, London.  
Mr. Edward Heath speaks at Royal National Lifeboat Institution presentation of gallantry awards, London.  
**PARLIAMENTARY BUSINESS**  
House of Commons: Housing Bill, completion of remaining stages until 7 pm. Consideration of Lords Amendment to Social Security Bill.  
House of Lords: Edward Berry and Doris Ward (Marriage Enabling) Bill, second reading.  
**INDUSTRY BILL**, third reading.  
**OFFICIAL STATISTICS**  
Public sector borrowing requirement and details of local authority borrowing (first quarter). First quarter provisional figures for manufacturing and distributors' stocks; and for capital expenditure by the manufacturing, distributive and service industries. New vehicle registrations for April.  
**COMPANY MEETINGS**  
Beaufort Group, George Hotel, Huddersfield, 12. Bifurcated Engineering, Mandeville Road, Aylesbury, Bucks, 12. Cadbury Schweppes, Grosvenor House, Park Lane, W. 1. Clayton Son, Queens Hotel, City Square, Leeds, 2. Delta Metal, Waldorf Hotel, Aldwych, WC, 12. Dinkie Hoel Eurocrest Hotel, Filton Road, Hambrook, Bristol, 12. General Investors and Trustees, 1-2 Laurence Pountney Hill, EC, 12. Invergordon Distilleries, Merchants House of Glasgow, West George Street, Glasgow, 12.30. Jamesons Chocolates, Willoughby Lane, Tottenham, N. 230. S. Jerome, Post House, Bramhope, 12.30. London and European, Connaught Rooms, Great Queen Street, WC, 12. Thomas Marshall, Tipton Masonic Hall, Shore Lane, Fulwood, Sheffield, 12. Wm. Morrison Supermarkets, Hilmere House, Thornton Road, Bradford, 11. William Nash, Gray Valley Paper Mills, St. Pauls Cray, Orpington, Kent, 2.30. Norvic Securities, Hotel Norwich, Boundary Road, Norwich, 12.30. Reckitt and Colman, Connaught Rooms, Great Queen Street, WC, 11. Sharpe and Fisher, Golden Valley Hotel, Gloucester Road, Cheltenham, 12.



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## BOC sees profits and turnover fall midway

IN SPITE of a reduction in borrowings, higher interest charges of £27.3m against £25.6m pushed pre-tax profits of BOC International back by £1.7m to £31.1m in the six months to March 31, 1980.

The results have been prepared on a modified historical cost basis, in that almost all fixed assets are stated at net replacement cost, and depreciation—up from £38.5m to £44.6m—is charged accordingly. Had depreciation been charged on a historic cost basis, the taxable profit would have been £48.1m (£44.3m).

On a full CCA basis, including monetary working capital and gearing adjustments, the first-half profit is reduced to £39.5m. The interim dividend is lifted from 1.8p to 2.1p net—last year a total of 4.2p was paid from profits of £72.7m.

Turnover of the group, which manufactures industrial and medical gases and related equipment and provides computer and offshore rig services, fell from £624.1m to £615.9m. Operating costs were lower at £515.6m (£528.8m) and trading was plus, after depreciation but including associates' profits of £2.7m (£2.4m), rose slightly to £58.4m (£57.9m).

Earnings, after tax of £11.6m (£15.5m) and minorities of £3.6m (£3.3m), are shown as 5.9p (5.26p) per 25p share on a nil distribution basis, and 4.8p (4.32p) net. With depreciation charged at historical cost, earnings on a net basis would be 8.5p (8.33p).

A group balance sheet as at the end of the first half shows fixed assets of £377.6m against £308m at September 30, 1979. Shareholders' funds were up from £918.5m to £977m and net borrowings were £481.2m (£451.3m).

Lex, Back Page

## Lanca seeks listing

Manufacturers and wholesalers of ladies' handbags, Lanca, is applying to the stock exchange for a listing of its 1.1m 20p ordinary shares. The company's quotation was suspended in December, 1979 when negotiations were in progress to acquire two unquoted companies. The negotiations failed, trading losses were subsequently revealed and the shares remained suspended.

In 1979, pre-tax profits were £189,000 on turnover of £1.9m. Dividends have been paid for the last five years, reaching 2.4p net in 1979.

## HIGHLIGHTS

Lex examines the outlook for exchange and interest rates in the light of sterling's strong jump against the dollar, its peak trade-weighted value for several and the further fall in money costs in New York. The column also considers the interim figures from BOC International and annual profits from one of the national brewers, Whitbread. Bamfords, the agricultural machinery group, called for a suspension of its listing yesterday, while Lanca applied for a quotation after several years in limbo. Waring and Gilbey's bid for Maple has succeeded and Pilkington has won approval to go ahead with its proposed European float glass deal. Dupont, the steel and engineering group, reported higher profits despite heavy external strike costs, and Stenhouse went against the current trend in insurance broking fortunes with a slight earnings improvement.

## Redman Heenan dips £0.1m at six months

TAXABLE PROFITS of Redman Heenan International, specialist engineering group, slipped by £0.1m to £1.08m in the six months to March 31, 1980, after interest up from £22,000 to £104,000.

The directors say order intake started slowly following the engineering strike but picked up somewhat in the second quarter. However, some hesitancy has again appeared and they believe full-time results will do well to show some improvement on last year's level, when pre-tax profits reached £3.41m.

Half-year sales amounted to £18.75m, compared with £24.28m which included £8m for long-term contracts which made no contribution to profits.

The net interim dividend is raised from 2p to 2.2p—last year's total was 4p.

The first-half available balance came through higher at £1.11m, against £0.94m, after a reduced tax charge of £0.27m (£0.38m) and an extraordinary credit this time of £0.28m.

### comment

Redman Heenan has said goodbye to the profitless long-term contracts which made up 35m of last year's turnover, with £8m falling out of the half-o-half comparison. Underlying performance has therefore been steady, though a credit from the Heenan Coolers sale boosts retained profits. Within the group, Froude—which probably accounts for around 40 per cent of profits—continues to advance: the recent for the current year is on an American marketing drive. Offsetting that, Redman Fisher suffered a five-week strike. Its

contribution is of a similar order. Environmental control remains dull, with HES still marginally in loss, while in metalworking plant Fielding and Platt saw a slow half. For the full-year, the board signposts little better than maintained profits. But if the second half proves free from disruption, some leeway may be made up. The historic fully-laid n/e is 7.3 at 66p. Assuming a similar increase in the final dividend, the prospective yield is 10 per cent.

## Chamberlin and Hill tops £1m

PRE-TAX profits of Chamberlin and Hill, electrical and electronic switchgear manufacturer, increased by 35 per cent to £1.02m in the year to March 31, against £0.76m the previous year. Turnover was up almost 24 per cent at £10.57m, compared with £8.56m.

The directors say the increase in profits is due largely to a full year's contribution from the group's latest acquisition, Solenoids and Regulators.

Tax for the year took £448,570 (£354,476), leaving an attributable balance of £568,743 (£388,814).

A final dividend of 1.5p (1.145p) makes the total for the year 2.6p, against an equivalent 2.025p. Stated earnings per 25p share are 16.77p (11.56p).

## Avon Rubber lifts profit

WITH TURNOVER higher at £81.15m, compared with £74.25m, pre-tax profits of Avon Rubber Company increased from £231,000 to £284,000 for the half year to March 31, 1980.

The directors say profits suffered from the effects of high interest rates, the firm pound in relation to export business and a decline in demand caused by lower levels of activity in many of the group's UK customers.

Measures taken within the group to improve efficiency are showing benefit and these are being intensified.

Half-yearly profits were struck after depreciation of £1.53m (£1.54m) and finance charges up from £1.47m to £2.23m, but included an increased associate's share of £110,000 (£15,000). Kenyan companies are now treated as associates and not subsidiaries.

Tax charge was down from £288,000 to £235,000 and after minorities, attributable profits increased by £408,000 to £320,000.

Earnings per £1 share moved ahead from 1.5p to 7.8p, but the net interim dividend is held at 4p per share, costing £265,300, but the 1979-80 total was 10.35p on £2.55m taxable profits.

The group's products include industrial rubber and engineering components, inflatable craft and specialised medical items.

### comment

An 82 per cent increase in interim profits may look impressive but Avon's first half last year was nothing short of catastrophic and this year's margins are diminutive. The good news is that the business—aid considerably better, suggesting that UK demand

may be pulling out of a slump. Much will depend in the second half on whether customers continue to desist in the face of poor vehicle sales and high interest rates. Tyre margins are still far from satisfactory and industrial polymers, which produced over half last year's profits, are suffering abroad from a credit crunch and at home from sluggish car production. As the recession deepens, Avon could be hard pressed to match last year's £2.85m profit. On a 30 per cent tax charge the shares, down 2m at 110p yesterday, trade on a prospective n/e of around 4m, while the yield is 13 per cent.

## Record by Advance Laundries

AFTER REPORTING a first-half profit of £1.78m to £2m, taxable profits of Advance Laundries reached a record £4.45m for 1979, compared with £3.66m previously. Turnover for the year improved from £27.37m to £30.15m.

With SSAP 15 adopted, tax charge rose from an adjusted £451,000 to £572,000. After minorities of £1.12m (£0.99m) and extra-ordinary credits of £593,000 (£14,000 debits), attributable surplus advanced from £2.21m to £2.87m.

A final dividend of 2.3p (1.768p) lifts the total net payout to 2.068p to 2.9p per 10p share, costing £169,000 (£121,000).

"As to the House of Fraser," the circular adds, "it is not the foresight and sobriety of their directors which have rescued a near investment—it is the hearty nothing of your company, Lonrho."

Lonrho says that contrary to the suggestion in Lex, its total borrowings relate well to reserves and assets. About £75m is in reserve, about £100m in assets—both figures are wholly owned confirming companies, which are largely insured by ECGD and other international credit agencies. It adds that the figure for acquisitions in the six months to March was not £110m, as £55m, and that its borrowings at the beginning of the six month period was £347m and not £307m.

According to the circular, Lonrho's business methods have made the group about three times the size of Fraser in terms of turnover and profits, and enabled it to make an adequate return to its shareholders on their capital.

Mr. R. W. Rowland, Lonrho's chief executive, told shareholders: "We are glad to have this opportunity provided by Lex to answer some poorly researched criticisms, and hope for your continued confidence."

A copy of the letter is also going to Fraser shareholders.

## Stenhouse edges ahead to £5.79m for first half

DESPITE CONTINUING difficult conditions in world insurance markets and a further strengthening of sterling, insurance broking profits of Stenhouse Holdings increased from £36.15m to £38.43m for the six months to March 31, 1980, and profits before tax, including Reed Stenhouse, moved up £0.14m to £5.79m.

However, attributable pre-tax surplus slipped from £4.03m to £3.4m, with comparison distorted by the inclusion last time of £988,000 profits from the industrial interests, which were sold in January, 1979.

The holding's company's net income of £80,000 (£127,000 expenses) has benefited from a high level of interest earnings on the net proceeds from the sale of these interests. Associate's contribution from the groups 20 per cent interest in Noble Grossart was £128,000 (£112,000).

With premium income up from £308m to £324m, improved insurance broking profits were due largely to excellent results in the UK and higher interest earnings. Net interest and dividends received increased from £1.55m to £2.24m. Operating expenses were up to £33.77m (£31.25m), mainly as a result of higher salary and related costs.

Insurance broking profits for the full year are expected to show a satisfactory advance over the previous years £57.82m. Good performances in the half year came from operations in France, Belgium, South East Asia and New Zealand, but conditions were difficult in Australia and the U.S.

Tax for the six months was down from £2.08m to £1.8m, but after extra-ordinary debits of £260,000 (£289,000 credits) mainly reflecting currency revaluations, profits emerged £1m lower at £1.54m. The group, which earns more than 60 per cent of its profits overseas, lost around £300,000 in currency translations.

Earnings per 25p share are shown as 4.21p, before extra-ordinary items, compared with 5.14p.

An interim dividend will be declared on August 14, payable on September 29. For the year ended September 30, 1979, an interim of 1.82p net was followed by a final of 2.7p.

## Halved profit for Westward TV

REFLECTING THE effects of the national TV strike last autumn, which cost it some £2m in lost revenue, Westward Television suffered a sharp reduction in trading profits from £1.16m to £0.55m for the half year in January 31, 1980, while net advertising revenue fell from £4.52m to £3.84m.

However, as a result of the high incidence of Eckenheier Law and tax, which took £272,000 (£173,000) and £162,000 (£222,000) respectively, the shortfall at the net attributable level was cut to £55,000 at £150,000.

Mr. Peter Cadbury, the chairman, says that sales since the end of the strike have been buoyant and have been running

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Share Total	Dividend	Dividend
Advance Laundries	2.3	—	—	—	—
Avon Rubber	4	July 7	—	—	—
Bremar Trust	0.86	—	—	—	—
BOC Int'l	2.1	Oct 1	—	—	—
Chamberlin and Hill	1.5	—	—	—	—
Chemical	1.9	July 18	—	—	—
Dupont	3.12	July 31	—	—	—
Hartwell Group	3.59	July 31	—	—	—
Idris Mide, The 3rd Int	2.75	July 21	—	—	—
Ind. Atlantic Int	2.75	July 14	—	—	—
London Prudential	2.5	—	—	—	—
London Trust	0.75	July 2	—	—	—
Norborough Rbr.	3.71	June 30	—	—	—
Progressive Secs.	2.5	—	—	—	—
Redman Heenan	2.2	Sept. 28	—	—	—
Silverthorne Gp.	4.5	July 7	—	—	—
Stonehill Holdings	4.5	July 25	—	—	—
Toye and Co.	1.63	July 7	—	—	—
Unochrome Inds.	0.35	July 7	—	—	—
Westward TV	0.85	June 26	—	—	—
Whitbread	4.35	July 25	—	—	—
Yorks Lanes Inv.	0.95	July 9	—	—	—

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Including 0.155p in compensate for change in tax rate. § To reduce disparity. ¶ Gross throughout.

### comment

Strip out the contribution from industrial activities to group performance and taxable profits at Stenhouse Holdings, have held up well on a comparable basis. There are several factors unique to Stenhouse which are underpinning earnings in contrast to the rest of the insurance broking sector which is under pressure. A large proportion of Stenhouse's broking work is earned in the currencies in which revenues are earned so it has avoided much of the exchange rate squeeze which other brokers in the UK are forced to endure. Moreover, thanks to its Canadian connections, Stenhouse is nearer the grassroots of its overseas business which means that the links it needs to establish to generate business from North American markets need not be as complex as some of its competitors. Recovery of cash and the flow of cash is simpler and quicker which helps boost group's own investment income. The shares rose 1p to 75p but are only likely to remain a steady market in a dull sector.

## Toye holds profit in second half

FOR THE year 1979, profits of Toye and Co. are up from £387,725 to £451,444. The whole of the increase was achieved in the first half.

Turnover of this manufacturer of civil and military regalia and jewellery, rose from £5.55m to £7.55m. After tax £24,151 (£23,013) net profit came out at £415,153 (£385,712) and the dividend is 1.625p net (£1,402.5p) net. Earnings were 18.56p (£17.17p).

### FACTORY BUILDINGS

Following the publication of the offer document on behalf of Glasserton Company to acquire London Intercontinental Trust at 14p per share, Factory Buildings (City) has announced that it no longer intends to make an offer for LIT.

# WHITBREAD AND COMPANY LIMITED

## Preliminary announcement of results for year to 1st March 1980

### TURNOVER AND PROFITS

The consolidated turnover for 1979/80 (52 weeks) was £738,469,000 as against £659,886,000 for 1978/79 (53 weeks). The consolidated profit before taxation and extraordinary items for 1979/80 (52 weeks) was £41,813,000 as against £34,350,000 for 1978/79 (53 weeks) an increase of 13.7%. Adjusting for the 53rd week our profit increase is approximately 18%. It should be noted that our profit performance was affected by the Price Commission Intervention.

### DIVIDEND

A Final Dividend of 4.35p per share is proposed for the year ended 1st March, 1980 making a total for the year of 6.0p per share, which represents an increase of 25% as against the dividend for the previous year.

If approved at the Annual General Meeting to be held on 22nd July, 1980 the final dividend will be paid on 25th July, 1980 to shareholders on the register at close of business on 13th June, 1980.

### SHARE OWNERSHIP SCHEME

Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the Board intend to establish a Share Ownership Scheme approved under the Finance Act 1978. As indicated above it is proposed that the first allocation of profits to the Scheme will amount to £1,917,000 gross. The first allocation of profits under the Scheme represents approximately £150 for each person who has completed three years service and who is eligible to participate in the Scheme and this will be extended in the acquisition of "A" Ordinary Shares of the Company.

### TRADE

1979/80 was a successful trading year for the Company, during which we continued to gain share in the market place and our total beer volume increased. In the larger sector, Heineken and Stella Artois both continued to perform well and, in the course of the year, we added two new brands to our portfolio. Royal Kalenberg, an authentic Bavarian beer, was introduced on draught in the South and a bottled Kalenberg Diat Pils was launched nationally, both with encouraging results. At the same time, Heldenbrau was introduced on draught in the North and in cans and bottles nationally. By the year end, Heldenbrau had already reached a leading position in the expanding Take Home trade. We now have a full and attractive range of lager brands with which to maximise the future growth opportunities. In ales, our performance was the best for many years, with Trophy Bitter selling strongly, supported by our wide range of local brands such as Welsh Bitter, Pomey Royal, Chesters and Wethers. Our speciality ales, Gold Label, Mackeson and English Ale also did well. Trade in wines and spirits and in soft drinks was generally in line with their respective markets, with very encouraging results for Crown of Crowns and for Rawlings Fruit Juices and Mixers.

	52 weeks to 1/3/80	53 weeks to 3/3/79
Turnover	£600'738,469	£500'659,886
Profits before depreciation and funding charges	89,435	77,527
Deduct: Depreciation	(14,942)	(14,834)
Interest Payable less Receivable	(13,390)	(10,910)
Gain on Foreign Exchange	53	182
Income from Trade Investments	59,156	51,965
Profits before Taxation and Extraordinary Items	2,657	2,385
Taxation	61,813	54,350
Profits before Extraordinary Items	(7,796)	(9,525)
Extraordinary Items, less Taxation attributable thereto	54,017	44,825
Profit after Extraordinary Items	1,694	1,640
Attributable to Minority Interests	55,711	46,465
Proposed allocation to Share Ownership Scheme £1,917,000 less tax	(74)	(16)
Preference Stock Dividend	(920)	(423)
Profit attributable to Ordinary Shareholders of the Holding Company	(415)	(423)
Ordinary Dividend—Interim Paid	54,302	46,026
Proposed Final	4,028	3,026
Transferred to Reserve	10,620	7,928
Earnings per Share—Pence	39,654	35,072
Before Share Ownership Scheme	—	—
—Basic	21.88	19.48
—Fully Diluted	21.30	17.94
After Share Ownership Scheme	—	—
—Basic	21.56	—
—Fully Diluted	20.99	—

Total investment in the trade was at a record level and we have been particularly pleased with the returns from our expanding chain of Beefsteak Houses. Our Scotch Whisky subsidiary, Long John International, also enjoyed a good trading year, with market share gains in many European countries, and our newly acquired Scotch brand was the best selling Scotch Whisky in California and other Western states of the U.S.A. The Langenbach wine company improved its performance in Germany and in the U.K. but was trading in a depressed sector of the U.S. market, whilst Whitbread Belgium increased its share of the local market.

Brewery, Chiswell Street, London EC1Y 4SD

# WHITBREAD

## Two water issues

Folkstone and District Water Company is raising £2.5m through a sale of 10 per cent preference stock redeemable at par on June 30, 1980.

Minimum price of tenders is £100 per cent. Tenders for a minimum of £100 must be received not later than 11 am on May 28 with a deposit of £10 per cent on application. The first dividend will be £2.71 per share payable on October 1, 1980, and thereafter dividends calculated to June 30 and December 31 will be payable half-yearly on July 1 and January 2.

North Surrey Water Company is raising £2m by an offer for sale by tender of 10 per cent preference stock redeemable at par on June 30, 1980.

Minimum price of tenders is £100 per cent. Tenders for a minimum of £100 must be received not later than 11 am on May 28 with a deposit of £10 per cent on application. The first dividend will be £2.71 per share payable on October 1, 1980, and thereafter dividends calculated to March 31 and September 30 will be payable half-yearly on April 1 and October 1.

### AIR CALL

Shares in Air Call, the radiating and medical deputising service, closed at 180p after initial dealings yesterday. The shares, which trade under The Stock Exchange's rule 183 (2), were placed last week at 150p.

### GLYNWED AGM

The annual meeting of Glynwed will be held in Birmingham on June 18, at 3 p.m.

### SPAIN

May 21	Price	+/-
Banco Bilbao	206	+3
Banco Central	219	+2
Banco Exterior	207	+4
Banco Hispano	204	+4
Banco Int. Cati	122	—
Banco Madrid	202	—
Banco Santander	240	+2
Banco Urquijo	143	+3
Banco Vazquez	212	+4
Banco Zazagoza	230	—
Orascom	78	+1
Española Zinc	80	—
Facta	80.7	+0.5
Gal. Precados	24	—
Hidrola	66	—
Industria	101.2	+0.5
Petrolcos	89	—
Penolber	101.2	+0.5
Sopelba	89	—
Teléfonos	83	+0.5
Union Elec.	85.8	+0.3

# DUPORT GROUP

Salient points from the Report and Statement by the Chairman, Mr Eric C Sayers, for the year ended 31st January, 1980.

- Group profits before taxation amounted to £6.56 million compared with £5.80 million in 1978/79 and it is being recommended that the gross ordinary dividend is maintained at the same level as for last year.
- Demand for engineering quality steels fell back and pressure on margins increased.
- Results of the engineering companies were affected by the engineering dispute and industrial action at customers' plants.
- The domestic products companies benefited from the elimination of losses in our bedding interests.
- Finance charges increased by £1.3 million partly as a result of higher investment and partly from higher interest rates.

Summary of figures	1980	1979
Turnover	£'000	£'000
Profit before taxation	193,822	181,325
Taxation	6,563	5,804
Basic earnings per ordinary share	1.012	1.351
Ordinary dividends (amount per share gross)	13.02p	10.57p
Number of employees at year end	7,49p	7,49p
	7,871	8,190

Whilst we expect greater returns from the investments we have made in recent years, the immediate prospects are not good due to the depressed levels of economic activity forecast for 1980/81.

No meaningful forecast can be offered until we see the extent to which the market for steel can recover during the remainder of the year but on the present view it would seem unlikely that the loss arising out of the BSC dispute to the Steel Division can be fully matched by profits in that Division during the rest of the first half of the year.

Copies of the full Report will be sent to all Shareholders and to Debenture and Loan Stockholders. Further copies are available from The Secretary, Duport Limited, Duport House, Edgbaston, Birmingham, B15 8JU.



The Duport Group of Companies operations are steel making, engineering and the manufacture of durable products for the home.







## Sunlight Service Group

### PROGRESS MAINTAINED

The following salient points are from the statement to shareholders by Mr. J. A. Franks, the Chairman—

The profit for 1979 of £1,310,694 represents a 23% increase on last year's figure of £1,066,805.

Sales increased to £17,282,365 from £15,110,749. Total dividend for year of 19% represents an increase of 41%.

The Board expect expansion of its services to continue in the current year and it hopes to improve upon last year's performance.

Annual General Meeting will be held at 12 noon on June 13 at the London Westbury, London W1.

## HISPANO FUND

For the information of Unit Holders:—

In the United Kingdom Coupon Number 14 is now payable on presentation to the London Paying Agents, Charterhouse Japhet Limited. A distribution of U.S.\$1.53 is due as from the 31st May 1980 and will be paid less United Kingdom Tax at the standard rate.

U.K. Issuing and Paying Agents:—

**Charterhouse Japhet Limited**

1 Paternoster Row, St. Paul's, London EC4M 7DH

## Companies and Markets

# Duport ahead but warns on current prospects

DESPITE A downturn in second-half profits from £2.56m to £2.42m, Duport, the steelmaking, engineering and domestic products group finished the year to January 31, 1980, with a higher taxable surplus of £8.56m, compared with £8.3m.

But the immediate prospects are not good, says Mr. Eric Sayers, the chairman. Although greater returns are expected from investments made in recent years, the group is already experiencing lower levels of demand at a time when steep increases in operating costs and sterling exchange rates are affecting margins, and interest rates are at record levels. Interest charges this time jumped from £1.56m to £2.89m. The situation is aggravated by a world over-capacity in steel, the chairman continues, and in consequence markets are plagued by supplies at depressed and unrealistic prices.

A further severe depression on current-year profits will be the continuing effects of the steel dispute, which has so far cost £2.4m. Industrial disruption in the 14 months up to the end of March, 1980, resulted in lost profits of some £3.7m, he estimates. Until the extent to which the market for steel can recover during the remainder of the year is seen, the directors say no meaningful forecast can be offered. But they doubt whether losses in the steel division arising from the dispute can be fully recovered in the first half.

Earnings in the year under review rose from a stated 10.57p to 13.02p per 25p share, or 12.3p (19.8p) fully diluted, and the dividend is raised from 5.15202p to 5.24317p with a final of 3.11634p. Total turnover rose from £182.31m to £194.25m, including inter-divisional sales of £9.42m (£9.99m), and trading profit was £8.44m (£7.98m).

Steelmaking profits rose to £5.03m (£3.52m) on sales of £113.53m (£98.06m) and the surplus from the domestic products division jumped from £0.55m to £2.44m on turnover of £46.57m (£44.29m).

But engineering profit and turnover fell to £1.57m (£2.2m) and £34.14m (£39.96m). The results include profits of £180,000 and turnover of £30,000 from Portways, a subsidiary dis-

posed of in October, 1979. After tax of £1.01m (£1.35m) and an extraordinary credit of £0.47m (£2.45m debit), net profit is £8.02m (£2.01m). Dividends absorb £2.33m (£2.17m).

A consolidated balance sheet shows net current assets of £31.11m (£24.04m), including bank overdrafts and current portion of term loans of £8.13m (£0.12m) and bank balances and deposits of £9.93m (£2.69m).

A further £10.82m was invested in new buildings, plant and equipment during the year, and £7.24m in working capital, although the union ban on steel movements left stocks at higher levels than normal at the year end.

### comment

Despite the doubts implicit in an historic yield of 19 per cent at the new annual low of 42.5p, Duport has maintained its divi-

## Hartwells upsurge

PRE-TAX PROFITS of the Hartwells Group, the motor vehicle and fuel oil distributor, climbed by 27 per cent to £2.86m in the year to February 28, 1980 compared with £2.26m the previous year. Turnover rose by 45 per cent to £142.53m, against £98.11m.

Interest and stock finance charges were £1.09m (£0.47m) and taxation took £400,000 (£310,000). There was an extraordinary credit of £251,000 (nil). The final dividend is effectively raised from 3.113p to 3.578p, for a total of 5.367p against an adjusted 4.6p.

The directors say the group's BL sales fell 10 per cent over the year, while Ford sales rose 23 per cent and commercial unit sales increased 28 per cent. Service departments increased turnover and new motorcycle sales were up.

Despite forecasts of a fall in vehicle registrations this year, the company hopes its wide range and new models will give it a greater market penetration. In view of high interest rates and intense competition, profit levels are unlikely to be maintained, they add. A property revaluation at

February 29 on an existing use basis, shows a surplus of £4.87m. The balance sheet values have accordingly been written up by this amount.

### comment

The expected evaporation of new car sales is expected to materialise in the second half of last year, allowing Hartwells to chalk up a respectable 22 per cent increase in profits for the final six months. Trading margins over that period were maintained at 2.5 per cent but more than doubled interest charges marred the picture at the pre-tax level. The company says that 1980 profits are unlikely to match last year's and, if April's dismal car sale figures are anything to go by, this may prove an understatement. Yet the group has expanded and diversified its energy interests which looks set to provide some compensation.

Model launches by BL later this year may also brighten up the year, and a £60m share repurchase plan, which will yield 12.9 per cent and offer 0.5 of 2.5 on historic earnings. This is not asking too much for a company which has registered consistent profit increases over the past five years.

## Dreamland £1m expansion programme

A £1M EXPANSION programme to boost production of electric underblankets at its Hythe, Southampton, factory by 25 per cent to seven million units a year, and a £300,000 contract to manufacture own brand underblankets for Philips N.V. for the Dutch market are announced by Mr. Freddie Williams, the chairman of Dreamland Electrical.

The group is within striking distance of exceeding the production capacity at its Hythe factory and the Board has therefore decided to implement the second phase of its long-term growth plan during 1980.

Mr. Williams says he is looking for an important breakthrough in the current year's export markets "where the Common Market represents our major challenge and most fruitful immediate expansion area."

Group order intake to date this year has been satisfactory from both home and overseas markets.

In 1979, taxable profits rose from £1.16m to £1.5m, on turnover of £10.7m (£8.3m)—as reported in April 10. Further steps forward are planned for 1980 in the growth of sales and local investment.

Trading profits for 1979 exceeded for current costs were £1.2m (£1.02m) compared with £1.1m (£0.82m) in the second six months of 1979.

Pressure due to unexpected increases in raw material costs, but Mr. Williams says the Board has taken all possible steps to ensure that any further rises are reflected quickly in selling prices. He sees no reason why the company's planned steady progress should not continue.

Meeting, Great Eastern Hotel, 22, June 11, at noon.

## Winding-up Orders

COMPULSORY WINDING-UP orders have been made against the following companies. L. Guidotti, Johnston Earthmoving, Formula 80, SA Shipping, Macro-Marche (London), Serates, Craway Securities, Kesal Trading and Services, Mandoril, Takis Fashions, D.B. (Properties), Ditevay, Valladon, Service Distributors (Sales), M. and S. Interactive Graphic Systems, Securloc Fencing Company, Moonraker Marine International, Jane Teal, Concrete Specialists, Deventer (Distribution), Crowpounder, Double Deal (Wholesale), Feltham Fasteners, J. B. Riney (Contractors). Compulsory winding-up orders made on May 12 against Cantings and Bar Supplies and D'Aughters (Lapidaries) have been rescinded and the petitions dismissed by consent.

## FIRST CASTLE

Of the 1,589,931 10p shares of First Castle Securities offered by way of rights, 81.17 per cent have been taken up. The balance of 128,679 shares has been sold at 13p per share in excess of the 27p subscription price. The benefit to be distributed pro-rata among the original allottees.

# Depressed wire market is Bridon's big worry

THE GENERALLY depressed state of the wire market is currently giving cause for particular concern, Mr. J. Laird, chairman of Bridon (formerly British Ropes), told the annual meeting. He said that present indications signified that this was likely to have a significant adverse effect on the group's results for the year.

In the UK, he said, the effect of the British Steel Corporation strike on wire operations had been very serious and this would mean that group results for the first half would not be encouraging.

British Ropes, despite being to some extent affected by the steel strike, together with its European subsidiaries, is performing satisfactorily, particularly in the area of some specialised products.

He said the disposal of the group's shareholding in Haggle would affect the second half in respect of consolidated profit. This would be mitigated by savings in interest on UK borrowings until such time as the proceeds from the disposal are reinvested.

The Ashlow Steel and Engineering Company—this subsidiary made a loss of over £1m last year—will be closed by the end of May. This operation has been carried on two months longer than anticipated and it is expected that Ashlow Limited, the new company with Korf as partners, will start operations in June.

As known, group pre-tax profits for 1979 fell from £15.6m to £13.5m.

## Ward White in new areas of development

Mr. Philip Birch, managing director of the Ward White Group, manufacturer of footwear and electrical and mechanical engineer, told executives at a conference that recent acquisitions, especially that of the Childs Corporation of the United States, have taken the group into "new areas which are capable of considerable development."

He said the Childs Corporation represents the basis for considerable future development. He added: "In addition, we have demonstrated that we can improve the performance of our retail operation, and consequently the quality of our investment in this area must be enhanced."

Mr. Birch also told the conference that his group had begun the year employing a capital of some £26m. He said a return of sales of 8.8 per cent was being achieved with a return of just below 20 per cent on capital. There had been a "dramatic improvement" during 1979 in the group's gearing position.

## Cluff Oil participations

Cluff Oil will participate in two consortia bidding for blocks in the seventh round of UK licensing. Mr. Algy Cluff, chairman of the independent oil company, told the Stock Exchange Northern Unit conference in Leeds yesterday that it plans to act as operator in one consortium holding a 25 per cent stake.

Other investors include Italy's Agip, the Channel Exploration Company, Trust House Forte and Prudential Corporation. The consortium seeks a channel area block.

The second consortium focuses on the Moray Firth area of the North Sea. It will also be led by Cluff Oil, with additional holdings by Jardine Matheson, other UK companies, and local investors. Mr. Cluff said Cluff Oil is expecting £4.5m for the ventures. The cost of two wells in each block is expected to total £22m.

# 13% increase for Stonehill

PRE-TAX PROFITS of Stonehill domestic furniture manufacturer, rose by 13 per cent to £2.04m in the year to March 30, compared with £1.81m the previous year. Turnover was up 19 per cent to £21.27m, against £17.87m.

Trading profit was £2.4m (£2.06m). Depreciation accounted for £356,000. (£335,000). After tax of £0.8m (£0.53m) the attributable balance is £1.25m (£1.28m). The final dividend is held at 4.5p, taking the year's total to 8.5p (8p). Earnings per 25p share are given as 21.3p (22.8p) actual, 16.6p (15.5p) notional, fully taxed.

### comment

Stonehill Holdings' margins, reacting quickly to the slowdown of economic activity, began to erode in the second half and remain weak as volume is flat. The company has money in the bank and hopes for an upturn in demand in the autumn but profits may not move much. The closely held shares were steady yesterday at 96p to yield 13.3 per cent. The fully taxed p/e of 5.5 begins to reflect the industry's traditional sensitivity to recession.

## London Trust 20% ahead

London Trust Company saw pre-tax revenue up 20 per cent to £4.12m in the year to March 31 1980, against the previous year's £3.44m. Gross revenue of the investment trust was £7.34m (£5.82m). The 3.75p final net dividend makes 6p for the year (4.75p). Net assets per share are 2p up at 156.5p basic, and 156.2p (153.9p) fully diluted.

The board recommends re-designation of the deferred shares as ordinary shares, and plans a scrip issue of new ordinary shares for every deferred share.

London Trust is financing a new company which will buy from Wilkinson Match its "Apollo" fire detector interests. The new company, called Apollo Manufacturing, is owned jointly by London Trust and Mr. Roger

Petty, deputy chairman of ICR International Time. Mr. Petty holds 51 per cent of the shares, but the bulk of the purchase price, some £260,000, plus £100,000 working capital comes from London. Apollo claims 20 per cent of the UK market for industrial smoke and temperature detectors.

## First half advance at Chemring

TAXABLE PROFITS of Chemring, the radar reflective material, protective clothing and cable attachments group, showed a significant increase from £237,400 to £267,700 for the half year to March 28, 1980, on sales of £1.85m, against £1.48m.

Trading conditions generally during the second half are expected to be more difficult, but full year pre-tax profits are expected to show an improvement over the previous year's £440,500.

Investment income for the 26 weeks from £68.2m to £115.8m. Tax was up from £21.8m to £195.4m and after minority profits attributable to ordinary holders were £64.7m better at £178.8m.

With earnings per 5p share at 8.6p (8.6p) the interim dividend is improved from 1.65p to 1.8p net, costing £37,500 (£34,000)—the total last time was 9.3p.

## LOW AND BONAR ENGINEERING

A drop from £154m to £1.2m in pre-tax profits is reported by Low and Bonar Engineering (formerly G. H. P. Group) for 1979.

Tax charged was considerably lower at £241,000, against £298,000. Minorities took £1,000 (£2,000), but there was no deduction for extraordinary items against £44,000 last time.

Turnover of the company, which is a wholly owned subsidiary of the Low and Bonar Group, was up from £19,87m to £22,07m.

# INVERGORDON DISTILLERS

Extracts from Chairman's Review

● As previously predicted, margins in the second half of the year improved and coupled with increased turnover provided a strong finish to the year with profits before tax of £4.176m an increase of 27% over the annualised profit for last year.

● There was a significant increase in distilling activities including a modest start in the manufacture of neutral alcohol. Blended whisky and single malt whisky sales improved with direct exports up to £5.2m. During the year two of the group's single malt whiskies TAMNAVULIN-GLENLIVET and BRUICHLADDICH received gold medals at the International Wine & Spirit Festival. These two malts plus

SCOTS GREY blended Scotch whisky are the focal points of a drive to increase exports.

● A final dividend of 2.5p per share is being recommended making the total distribution 4p for the year compared with 1.84p for the nine months to 31st December 1978.

● In the present economic conditions it is impractical to forecast accurately any short-term results but the Scotch Whisky Industry has demonstrated its capacity for continuous progress of which Invergordon expects to take its full share.

Copies of the accounts are available from the Secretary Invergordon Distillers (Holdings) Limited, Ashley House 181-191 West George Street Glasgow G2 2NL.

# By tradition Merchant Bankers enjoy a reputation for seasoned investment advice.



Trading scene from 19th century Frankfurt Stock Exchange

Historically, Merchant Bankers were relied upon for sound investment counsel to assure successful deployment of large funds. Their intimate involvement with the changing financial markets and their closeness to developments in industry and commerce gave them an ideal vantage point from which to formulate investment policies.

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allied function the Bank offers its own brokerage services and is active on all major German stock exchanges. Own investment funds round off BHF-BANK's broad institutional investor facilities.

Our intimate familiarity with German industry and commerce and our worldwide experience can help you reach your investment goals.

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## NOTICE OF ISSUE

Application has been made to the Council of The Stock Exchange for the undermentioned Stock to be admitted to the Official List.

## FOLKESTONE AND DISTRICT WATER COMPANY

(Incorporated in England on 9th June, 1948, by The Folkestone Waterworks Act, 1948)

## OFFER FOR SALE BY TENDER OF £2,500,000

10 per cent. Redeemable Preference Stock, 1983

(which will mature for redemption at par on 30th June, 1983)

Minimum Price of Issue—£100 per £100 Stock

yielding at this price, together with the associated tax credit at the current rate, £14.23 per cent. This Stock is an investment authorised by Section 1 of the Trustee Investments Act, 1961 and by paragraph 10 (as amended in its application to the Company) of Part II of the First Schedule thereto. Under that paragraph, the required rate of dividend on the Ordinary Capital of the Company was 4 per cent. but, by the Trustee Investments (Water Companies) Order 1973, such rate was reduced to 2.5 per cent. in relation to dividends paid during any year after 1972.

The preferential dividends on the Stock will be at the rate of 10 per cent. per annum and no tax will be deducted therefrom. Under the imputation tax system, the associated tax credit at the current rate of Advance Corporation Tax (37ths of the distribution) is equal to a rate of 4.27th per cent. per annum.

A deposit of £10 per £100 nominal amount of Stock applied for must accompany each Tender, which must be sent to Deloitte Haskins & Sells, New Issues Department, P.O. Box 207, 128, Queen Victoria Street, London EC4P 4JX in a sealed envelope marked "Tender for Folkestone Water Stock" so as to be received not later than 11 a.m. on Wednesday, 28th May, 1980. The balance of the purchase money will be payable on or before Thursday, 28th June, 1980.

Copies of the Prospectus, on the terms of which alone Tenders will be considered, and Forms of Tender may be obtained from:

Seymour, Pierce & Co.,

10, Old Jewry, London, EC2R 8EA.

National Westminster Bank Limited,

Europe House, 49, Sandgate Road, Folkestone, Kent, CT20 1RU.

or from the Principal Office of the Company, The Cherry Garden, Cherry Garden Lane, Folkestone, Kent, CT19 4QB.



BOC

BOC International Ltd  
Group results, unaudited, for the  
six months to 31 March 1980:

	Six Months to 31.3.80	Six Months to 31.3.79	Year to 30.9.79
Sales	£11.3	£11.3	£11.3
Operating costs	615.9	624.1	1,229.0
Depreciation	515.6	528.8	1,031.6
Group share of associated companies' profits/losses	2.7	2.4	4.5
Trading profit	58.4	57.9	124.6
Interest	27.3	25.6	51.9
Profit before tax	31.1	32.3	72.7
Tax	11.6	15.0	28.1
Profit after tax	19.5	17.3	44.6
Minority interests	3.6	3.3	7.6
Earnings	15.9	14.0	37.0
Earnings per share			
-nil distribution basis	5.91p	5.26p	12.86p
-net basis (after ACT written off)	4.89p	4.32p	11.39p
If depreciation had been charged on historical cost rather than replacement cost, Group results would have been:			
Profit before tax	£48.1m	£46.3m	£94.9m
Earnings per share (net basis)	9.87p	8.33p	17.76p

## Current Cost Accounting

The above results are prepared on a modified historical cost basis, in that all the Group's fixed assets are now stated at replacement cost, and depreciation is charged accordingly. For the six months ended 31st March 1980 profits before tax if calculated on a full CCA basis (including adjustments for monetary working capital and gearing) would have been £29.8 million.

## Condensed balance sheet, unaudited, as at 31 March 1980:

	At 31.3.80	At 30.9.79
Shareholders' funds	£587.0	£516.3
Minority shareholders' interests	68.7	64.0
Deferred tax	11.4	12.0
Long-term liabilities	25.2	24.2
Net borrowings and finance leases	481.2	451.3
	1,173.5	1,067.8
Fixed assets	877.6	808.0
Investments	27.4	25.4
Working capital (excluding bank balances and short-term loans)	268.5	234.4
	1,173.5	1,067.8

## Trading Profit

The regional pattern of trading profit is as follows:

	Six Months to 31.3.80	Six Months to 31.3.79	Year to 30.9.79
Europe	£13.3	£13.7	£31.4
Africa	8.2	7.0	14.9
Americas	25.5	26.7	56.1
Asia	0.8	0.9	1.7
Pacific	10.6	9.6	20.5
	58.4	57.9	124.6

## Profits Before Tax

In comparison with the corresponding half year of 1979, profit before tax for the six months ended 31 March 1980 was adversely affected by: (i) Extra depreciation of £2.4 million on assets now stated at replacement cost, which were previously stated at original cost; (ii) £1.9 million due to changes in exchange rates; (iii) £4.2 million due to higher interest rates; but benefited from a reduction in interest of £2.5 million due to lower borrowings.

## Interim Dividend

The directors have declared an interim dividend of 2.1p net per share (last year 1.9p) payable on 1st October 1980 to the holders of ordinary shares registered at the close of business on 31st September 1980.

For further copies of this report write or phone Investor Relations Dept. BOC International Ltd, Hoxworth House, London W6 9DX. Tel: 01-748 2020.

U.S. \$20,000,000  
Floating Rate U.S. Dollar Negotiable Certificates  
of Deposit, due 27th November 1981.

THE DAI-ICHI KANGYO  
BANK, LIMITED  
LONDON

In accordance with the provisions of the Certificates, notice is hereby given that for the six months interest period from 23rd May, 1980 to 23rd November, 1980 the Certificates will carry an interest rate of 11.5 per annum. The relevant interest payment date will be 23rd November, 1980.

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Companies  
and Markets

## UK COMPANY NEWS

## BIDS AND DEALS

Waring buys more and  
wins control of Maple

AFTER A bitterly contested battle Waring and Gillow, the furniture manufacturer, yesterday secured control of Maple and Co. (Holdings), its High Street competitor.

Waring's improved bid, worth £9.85m, had been rejected outright by the Maple board, but Waring won the day by supplementing acceptance with market purchases.

Mr. John Cusins, group managing director, said that "large acceptance" yesterday in nominee names clinched the deal.

Waring announced that total shares bought in the market and accepted under the offer represent 50.4 per cent and 77.2 per cent respectively of the ordinary and preference share capital of Maple.

Waring also announced that it intended to exercise the option to sell its store at 188-186 Regent Street, London, to Debenhams.

Mr. Cusins said there were eight areas of overlap and some rationalisation would be necessary. But he thought the stores to go would more likely be Waring's sale potentials.

Mr. Cusins said the fundamental problems of the furniture trade were heavy High Street rents and competition. An enlarged group would be better able to change the situation.

The acquisition of Maple gives the group the extra volume and nationwide coverage needed to achieve this aim, he said. The offer is open until further notice.

CONSORTIUM BUYS  
SMITH & WELLSTOOD

Four financial institutions in Scotland have formed a consortium to acquire Smith and Wellstood, manufacturer of East solid fuel appliances, from New Industries.

Edinburgh Financial and General Holdings, acting on behalf of General Accident Life and Life Assurance Corporation, The Life Association of Scotland, Melville Street Investments (Edinburgh) and Royal Bank Development is paying £50,000 for the company.

There has been a significant turnover in Smith & Wellstood's financial situation from three years ago, a statement said. The development of strong overseas markets has been brought about to a large extent by a renewed interest in solid fuel domestic appliances due to the dramatic change in energy markets.

## WILKINSON MATCH

Wilkinson Match has sold the firework display side of its Pains-Wessex subsidiary to one of its former managers, Mr. John Decker, for less than £100,000.

Mr. Dennis Randolph, who was chairman of the Wilkinson group until being ousted after a boardroom row last year, has become chairman of Pains Fireworks and has a financial stake in the company.

Pains Fireworks, which does no retail business, represented only a small part of the overall

The transfer took place in connection with the rationalisation of the group of Pains-Wessex subsidiaries of Thoru and EMI in the U.S., now consolidated under a single U.S. holding company, which is to be renamed Thoru EMI (North America Holdings) Inc.

Go-ahead for  
Pilkington  
German move

Pilkington Brothers finally received the go-ahead from UK and EEC authorities yesterday for its move into the West German flat glass market.

The European Commission said it would not object, under EEC rules on competition, to Pilkington's purchase of Flachglas from BSN-Gervais Danone of France.

The British group has already been forced to pay £28m extra for Flachglas following a change in German law on cross-shareholdings. Originally, it planned to pay £118m for around 58 per cent of the company, but will now end up with nearly 62 per cent, having also had to buy BSN's indirect stake in Flachglas.

The deal will not be referred to the UK Monopolies Commission.

Pilkington's earlier aim of acquiring BSN's Flachglas and Dörmel flat glass interests, Glaser and de Maas, was dropped after objections from the German Cartel Office.

The EEC Commission said yesterday that, in this form, the deal could have run foul of the EEC Treaty, which prohibits the abusive strengthening of a dominant position through concentration.

The Commission sent the companies a warning to this effect, and now feels the revised transaction is a more balanced structure, which should not endanger competition in Europe.

But Pilkington and BSN have had to promise that neither will be represented on the other's Board. Nor will BSN hold the Pilkington shares for longer than three years, or exercise the voting rights. Finally, the distribution networks of Pilkington/Flachglas and BSN will be completely separated after the deal.

## THORN EMI

In an interim capital reconstruction, Thorn EMI has transferred its shareholding in Thorn Electrical Industries (U.S.) Inc., a wholly-owned subsidiary, to EMI for £40.8m, satisfied by the issue to Thorn EMI of 59.7m new ordinary in EMI credits as fully paid.

## RESULTS AND ACCOUNTS IN BRIEF

**FLIGHT REPUBLISHING (HOLDINGS)**—Results for 1979 reported April 25, 1980. Fixed assets £2.68m (£2.15m), net current assets £3.21m (£3.39m), working capital increased by £1.5m (£0.87m). Chairman states that pre-tax profits have increased by a factor of four in the past two years and the company is able to maintain this position in 1979. Meeting, Painters Hall, Little Treen Lane, EC, June 12, noon.

**M.P. NORTH**—Results for 1979 reported April 23, 1980. Fixed assets £8.7m (£5.16m), net current assets £2.88m (£2.97m). Chairman states that business during early part of 1979 has not been buoyant but shows signs of improvement. Meeting, Sunnyside Court Hotel, SW, June 12, 2.30 pm.

**TRAVIS AND ARNOLD** (timber and building materials)—Results for 1979 reported April 22, 1980. Fixed assets £12.84m (£11.15m), net current assets £16.57m (£14.62m). Net assets £29.41m (£25.77m). Meeting, Northampton, June 12, noon.

**PROGRESSIVE SECURITIES INVESTMENT TRUST**—Revenue year to March 31, 1980, £162,284 (£127,004) before tax £157,750 (£121,536). Earnings 4.44p (£3.77p). Fixed dividend 2.5p making 3.75p (£3.18p). Net asset value 88.9p (£84.6p).

**YORKSHIRE AND LANCASHIRE INVESTMENT TRUST**—Interim dividend 0.65p net (0.50p) to reduce disparity. For half year ended March 31, 1980, net revenue £33,628 (£30,113) after tax £15,162 (£16,500). Dividend £25,000 (£20,000). Final dividend expected to be maintained at 1.25p. Net asset value 34.2p (£27.2p) at September 30, 1979. Company negotiating acquisition of planning company in north of England.

**LONDON ATLANTIC INVESTMENT TRUST** (subsidiary of Finance for Industry)—Final dividend 2.75p net making 4.5p (£2.50p) for year to March 31, 1980. Revenue 282.28p (£270.63p). After-tax revenue £546,096 (£427,888). Net asset value per share 16.5p (£10.7p).

**LONDON PRUDENTIAL INVESTMENT TRUST**—Gross revenue for year to April 30, 1980, £1,082 (£85,477). Revenue £121,677 (£122,478), before tax £138,791 (£108,430). Earnings per 25p share 4.22p (£3.35p). Final dividend 2.5p making 6.72p (£3.45p) net. Net asset value 102.70p (£125.5p).

**EMPIRE STORES (BRADFORD)** (Mail order company)—Results for year to January 26, 1980, and prospects reported April 10, 1980. Current assets £29.24m (£24.42m), current liabilities £25.67m (£24.31m) including bank overdraft of £12.43m (£1.5m), increase in working capital £11.83m (£8.47m). Historic profit of £9.12m reduced to £5.56m on CCA basis. Meeting, Norfolk Gardens Hotel, Stratford, June 11, noon.

**FIRMIN AND SONS** (manufacturer of buttons and military uniforms)—Results for 1979 reported March 31, 1980. Fixed assets £1,082 (£85,477). Revenue £121,677 (£122,478), before tax £138,791 (£108,430). Earnings per 25p share 4.22p (£3.35p). Final dividend 2.5p making 6.72p (£3.45p) net. Net asset value 102.70p (£125.5p).

**FRANKLIN'S** (clothing)—Results for year to January 26, 1980, and prospects reported April 10, 1980. Current assets £29.24m (£24.42m), current liabilities £25.67m (£24.31m) including bank overdraft of £12.43m (£1.5m), increase in working capital £11.83m (£8.47m). Historic profit of £9.12m reduced to £5.56m on CCA basis. Meeting, Norfolk Gardens Hotel, Stratford, June 11, noon.

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Pains-Wessex military and coast-guard flares business. Its turnover is around £400,000, while the whole subsidiary is about £9m.

Reneo Vickers  
French deal  
talks continue

The proposed £30m sale of certain assets of Reneo Vickers to CIT-Alcatel, the French telecommunications equipment maker, will not be referred to the Monopolies and Mergers Commission, Mr. John Nott, the Trade Secretary, has decided.

The disposal of Reneo Vickers' reprographics and mailroom products to CIT-Alcatel was agreed in principle in February with completion expected by the end of April. But by mid-April it became apparent to both parties that the deal would be delayed.

Vickers said yesterday that discussions "are continuing both in this country and in France. It is a complex transaction involving subsidiaries in other countries: Belgium, Holland, Sweden, Norway, Pakistan, South Africa, Australia and the U.S. Some assets of Reneo Vickers Canada were also involved.

"There is no foreseeable obstacle to a mutually satisfactory completion," Vickers added. "But the very complexity of the operation means that although there is goodwill on both sides all points of detail could not be settled by April 30."

No date has been set but both companies are determined to achieve the earliest possible handover.

QUEENS MOAT STAKE  
IN OLD SWAN

The Board of Old Swan (Harrogate) has been notified by Queens Moat Houses that it is interested in 374,500 ordinary shares (14.98 per cent), of which 337,500 were acquired on May 16 from Prince of Wales Hotel, being the latter's entire shareholding.

Discussions are now taking place between the two companies about their future relationship.

## C. T. BOWRING

Shareholders of Marsh and McLennan Companies of the U.S., the world's largest insurance broker, have approved the proposed acquisition of C. T. Bowring, the insurance broker with banking, credit finance and Lloyd's of London interests.

## LAURENCE SCOTT

Rowe and Pitman on behalf of Mining Supplies, yesterday bought 150,000 shares of Laurence Scott shares (4.8 per cent) and will continue to buy at 60p until further notice. This takes Mining Supplies holding in Scott up to 25.7 per cent. The percentage holding given in yesterday's report was incorrect.

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are intended or not and the subdivisions shown below are based mainly on last year's practice.

**TODAY**  
Interline: Allied London Properties, Associated Engineering, Brockhouse, Concentric, Howard and Wyndham, Leeds and District Tyres and Finishes, Ley's Foundries and Engineering, Morland, Scottish Investment Trust, Stockholders Investment Trust.

**Friday:** Boots, Odeon, Fidelity Radio, Hambro Investment Trust, J. H. Nicholas (Vintners), Portsmouth and Island Newspapers, William Press, Pritchard Services, Sparre Investment Trust, Wilson Bros, Wilson Investment.

**FUTURE DATES**  
Interline: Elson and Robbins June 10  
MPC June 2  
Northern Foods June 12

Barrow May 27  
Cope Sportsware May 30  
Cundiff May 22  
Goldberg (A) May 22  
Great Portland Estates June 4  
Hill (Philip) Investment Trust May 28  
Farland Textile Investment Trust June 3  
Pegler-Hartley June 5  
Pickles (William) June 27  
Pyram Group (Fishers) May 28  
Real Electronics June 19

OUR PRICE RECORDS  
TO BUY HARLEQUIN

Harlequin Records is negotiating the sale of its 41 shops to Our Price Records for £11m.

The finance for the deal, which should be completed by the end of May, is being put up by Midland Bank Industrial Finance, which will take an equity stake of just over 10 per cent in the enlarged company.

Our Price Records, set up in 1976, runs 17 shops in Greater London and last year made a £188,000 profit on turnover of £5m. This year's turnover is expected to be around £8m, about the same as Harlequin's.

Mr. Garry Nesbitt, who jointly controls Our Price with fellow director Mr. Michael Isaacs, said around £200,000 would be spent on refitting the Harlequin shops, of which 39 will be kept. Harlequin has been losing money over the past few years. Its managing director, Mr. Laurie Krieger, intends to retire after the deal.

K SHOES ACQUIRES  
BISHOP BROTHERS

K Shoes has agreed to acquire through its wholly owned subsidiary, K Shoe Shops, the retail trading assets of Bishop Brothers (Portsmouth), comprising three freehold and two leasehold shops, together with stock, furniture, fittings and goodwill.

The consideration of £850,000, subject to stock valuation, will be met by the issue of 1,060,000 new ordinary shares and about £45,000 in cash. The shares have been placed by J. Henry Schroder Wagg in conjunction with De Zoete and Bevan.

## British National

We are pleased  
to announce that we  
are now underwriting  
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110-112 Fenchurch Street EC3M 5NE  
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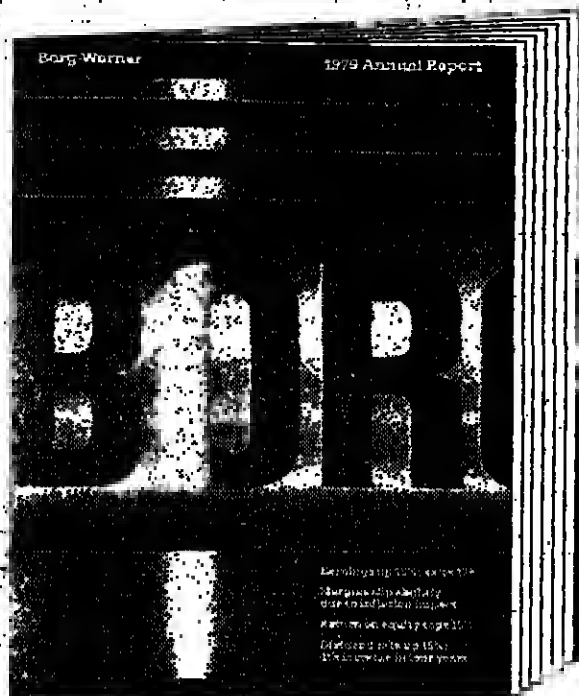




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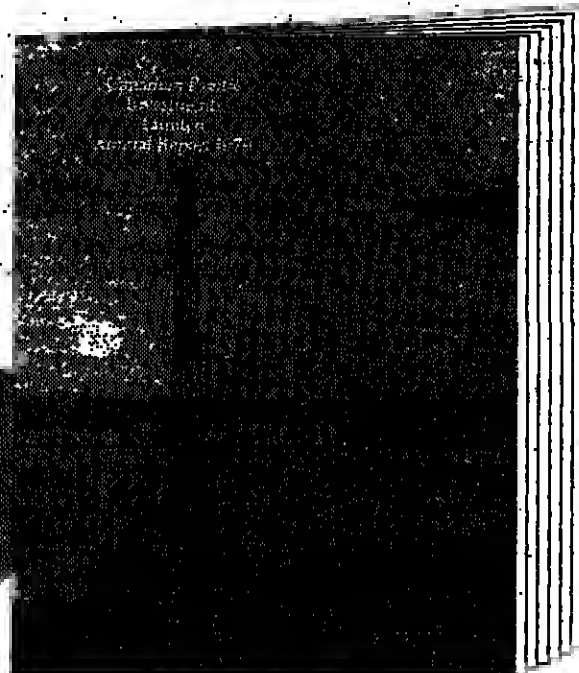
These twelve Annual Reports represent the second instalment of a 3-part Financial Times feature, designed to keep investors up-to-date on 36 major North American companies. If you missed Part 1 published yesterday you can still use the coupon to send for the Annual Reports featured in it.

Look for Part 3 tomorrow.



## Borg-Warner Corporation

Borg-Warner's 1978 results were the best ever. Sales totaled \$2.7 billion, up 17%. Earnings increased 16% to \$225 per share. Return on shareholders' equity topped 15%. Strongest gains were in the company's Chemicals, Plastics and Services groups. Featured in the annual report are examples of technology and product innovation taking place at Borg-Warner. They include products for the automotive, air conditioning energy and environmental control industries.



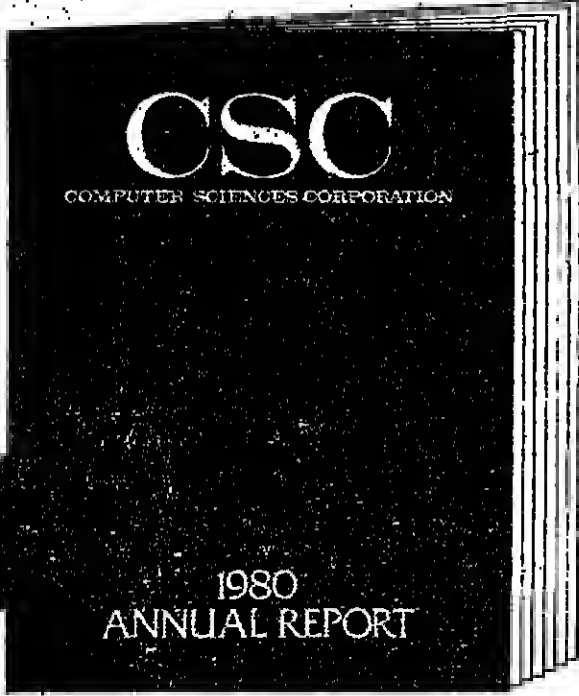
## Canadian Pacific Investments Limited

Canadian Pacific Investments Limited is a management company that controls and provides strategic direction to a group of resource-oriented and manufacturing companies plus other firms. In 1979, CPI had consolidated net income of C\$420.3 million, compared with restated 1978 income of C\$284.7 million, and paid dividends of C\$1.45 per share. CPI's interests include oil and gas, mining, iron and steel, forest products, real estate, hotels and restaurants, rendering, chinaware, insurance and other financing activities.



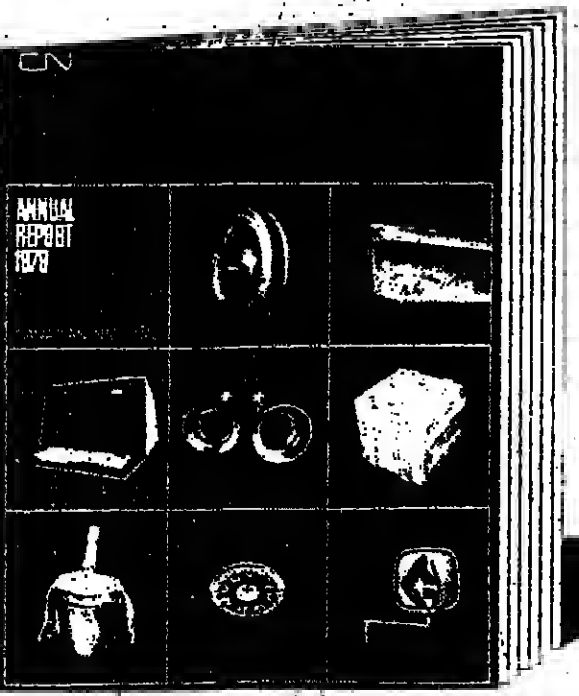
## Burlington Northern Inc.

Burlington Northern Inc., a transportation and natural resources company based in St. Paul, Minnesota, reported another year of record financial results in 1979. Total corporate earnings rose 51 percent to \$175.6 million or \$13.11 a share, an 18 percent increase in revenues and sales to \$3.25 billion. The company sees its growth over the next five years stemming chiefly from increases in revenues and income in four areas: railroading, air freight forwarding, forest products and oil and gas.



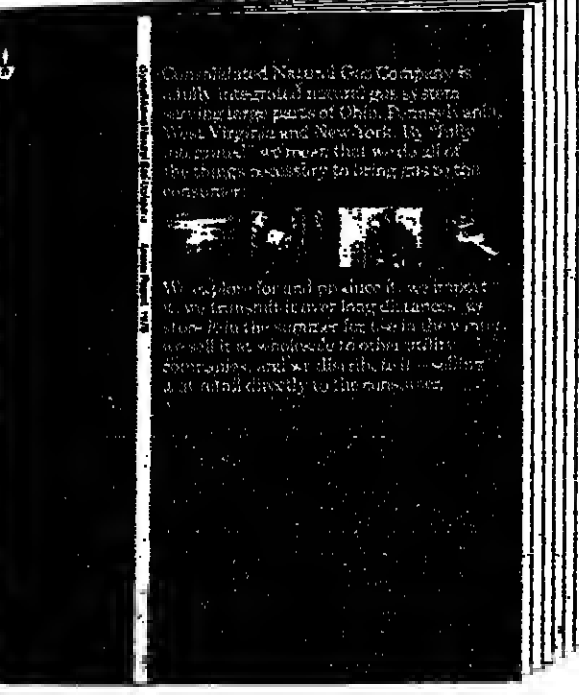
## Computer Sciences Corporation

Computer Sciences Corporation is a leader in serving the worldwide markets for network time-sharing services and computer-communications systems technology. The year ended March 23, 1980 was the fifth successive year of record profits and revenues. Fiscal 1980 net earnings of \$227 million, or \$1.70 per primary share, were up 16% over the prior year. Revenues of \$452.6 million were up 32%. NYSE symbol: CSC.



## Canadian National

Canadian National is a diversified transportation company. It operates in all 10 provinces of Canada and with its subsidiary lines has direct access to 12 states in the U.S.A. In 1979 it achieved its best financial results in its 57-year history. Gross revenues were C\$8.29 billion. Net income after taxes was C\$206 million. The company also includes an extensive telecommunications network, a chain of hotels, CN Tower, express and trucking services, ferries and coastal vessels, a dockyard, a range of national and international consulting services.



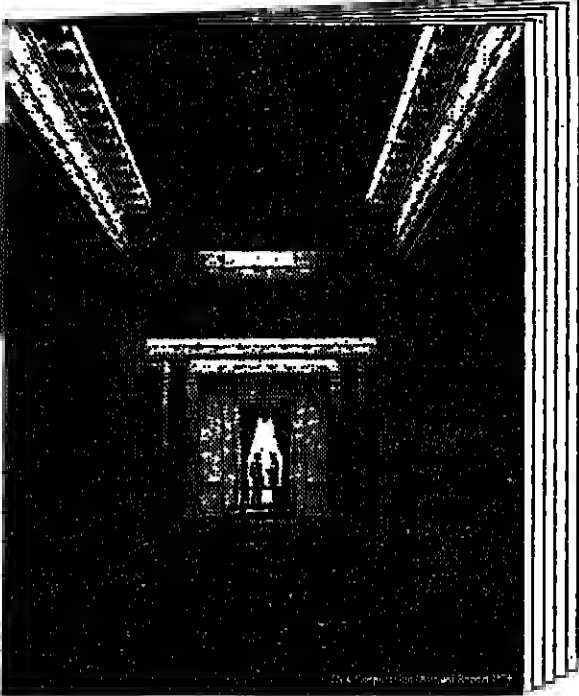
## Consolidated Natural Gas Company

Consolidated operates one of the country's largest integrated natural gas systems and is involved in gas exploration, production, transmission, imports, storage and distribution. Increased Gulf of Mexico production contributed \$1.21 a share to total 1979 earnings of \$6.30 a share. The 1979 net was up 12 percent from 1978 and marked the sixth consecutive year of increased earnings. Sales exceeded \$2 billion for the first time, and the dividend was increased to an annual rate of \$3.24 a share.



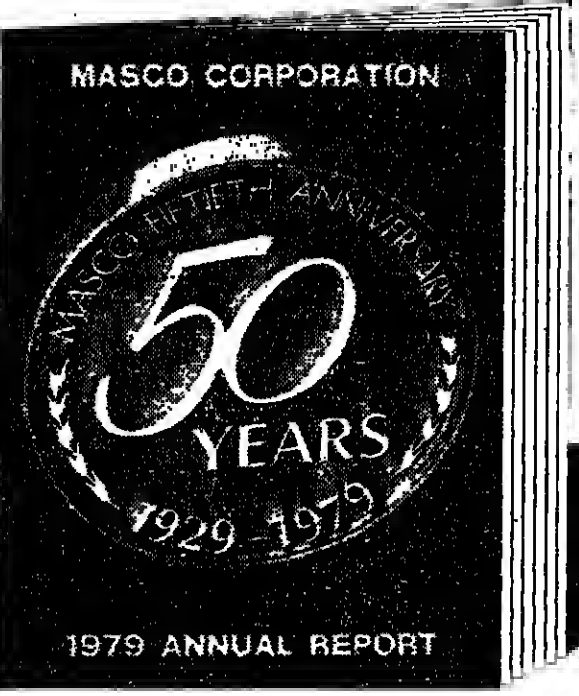
## Hospital Corporation of America

HCA is an international health care services company, currently owning and managing hospitals and other medical facilities in more than 150 communities throughout the world. HCA's hospitals are located principally in the fast growing "sunbelt" area of the U.S. HCA was the 13th fastest growing NYSE listed company over the past 10 years. Since its founding in 1965, HCA has never had a down quarter and earnings have grown at an annual compound rate of 30%. Revenues in 1979 exceeded \$1 billion and earnings increased 26% to \$3.05 per share. HCA is a recent addition to the S & P 500. (NYSE Symbol: HSI)



## INA Corporation

INA Corporation's net operating income was up 16% to a record \$245 million, or \$6.34 per share, on record revenues of \$4.6 billion. Cash dividends declared increased 18% to \$2.05 per share. Based on the current quarterly rate, the annual dividend equals \$2.20 per share. INA, founded in 1929, has worldwide operations in property-casualty insurance, life and group insurance, health care and investment management.



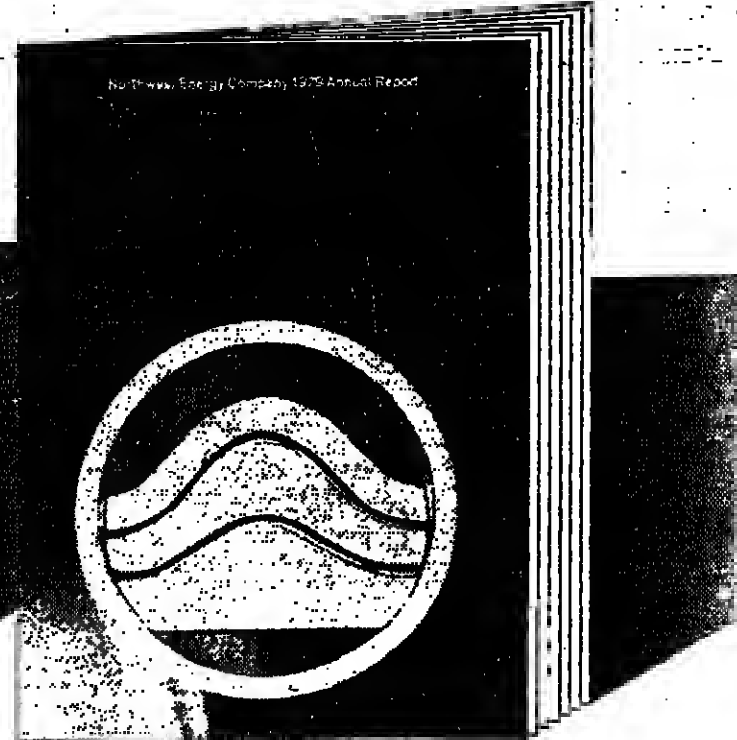
## Masco Corporation

TWO DECADES OF GROWTH... Masco manufactures faucets and other residential and home improvement products; energy-related and other specialty products; and cold extruded and other components for industry. Send for our 1979 Annual Report to learn more about the company, how it has achieved 23 consecutive years of growth, and how we believe Masco's sales, from internal growth alone, will double over the next 5 years.



## NICOR Inc.

NICOR has subsidiaries in oil and gas exploration and development; oil and gas contract drilling; barging of petroleum and chemical products; marine and diesel equipment repairs; acquisition, development and mining of coal reserves; gas distribution; and other energy activities. Net income rose almost 13% to \$374 million on revenues of \$1.6 billion in 1979. Earnings per share were \$4.77. The May 1 dividend was increased by 6% to 67¢ per share. The dividend rate has been increased in 21 of the past 23 years. NYSE: GAS.

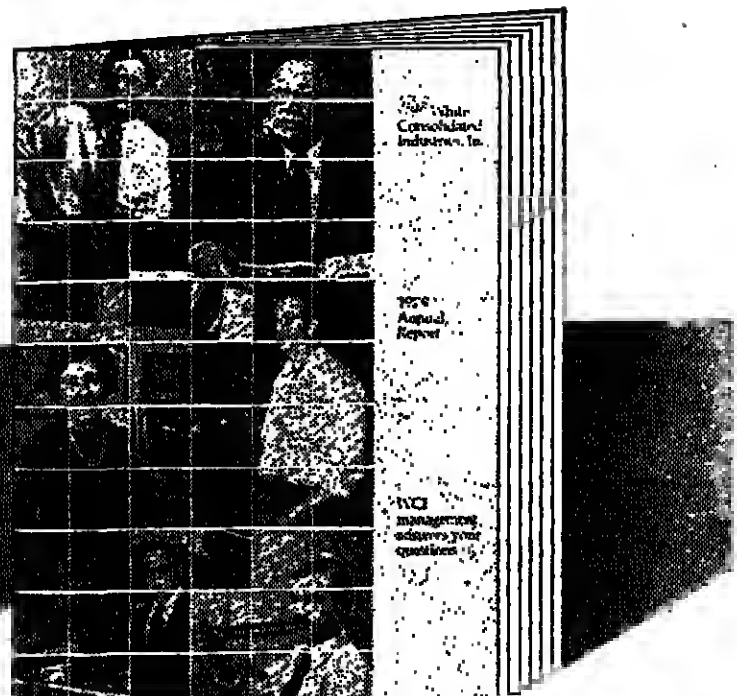


## Northwest Energy Company

Northwest Energy Company, through subsidiaries, supplies natural gas to seven western states. It is operating partner for the group which will construct the Alaskan section of the Alaska Highway Pipeline Project, seeks to develop Rocky Mountain natural gas and oil reserves and operates an underground coal mine in Colorado.

Year Ended December 31, 1979

Operating Revenues	Net Income	Per Share
\$1.1 billion	\$41,300,000	\$4.55



## White Consolidated Industries, Inc.

White Consolidated Industries, Inc. is a diversified, international marketer and manufacturer of major home appliances and industrial equipment and machinery. In 1979, sales exceeded the \$2 billion mark for the first time while net income topped \$75 million, both records.

WCI is America's third largest major appliance producer, marketing such brand names as Frigidaire, White-Westinghouse, Kelvinator and Gibson. WCI is also a leading supplier of capital equipment such as machine tools, valves and controls, road paving machinery, printing equipment and steel mill and foundry machinery.

# Just ask

Please send me the following Annual Reports.

☐ Borg-Warner Corporation  
☐ Burlington Northern Inc.  
☐ Canadian National  
☐ Canadian Pacific Investments Limited  
☐ Computer Sciences Corporation  
☐ Consolidated Natural Gas Company  
☐ Hospital Corporation of America  
☐ INA Corporation  
☐ Masco Corporation  
☐ NICOR Inc.  
☐ Northwest Energy Company  
☐ White Consolidated Industries, Inc.

I also want these Annual Reports, featured on May 21st.

☐ Aetna Life & Casualty  
☐ AMETEK  
☐ Crum and Forster  
☐ EDO Corporation  
☐ ENSERCH Corporation  
☐ Esmark, Inc.  
☐ Holiday Inns, Inc.  
☐ IU International  
☐ Nabisco, Inc.  
☐ Prime Computer, Inc.  
☐ Pullman Incorporated  
☐ Western Bancorporation

Name \_\_\_\_\_

Position \_\_\_\_\_

Company \_\_\_\_\_

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## BORROWER PROFILE

## New foreign markets to be tapped

BY PETER MONTAGNON

AUSTRIA'S EXPORT-financing institution Oesterreichische Kontrollbank is to step up its borrowing abroad. Dr. Helmut Haschek, general manager, says that this reflects a need to give priority to other borrowers on the domestic capital market and to finance the country's rising balance of payments deficit.

Projected Kontrollbank borrowing abroad this year has thus been raised by some Sch 6bn from previous estimates. Dr. Haschek said. This will give a gross borrowing total of between Sch 25bn and Sch 28bn with net new outtake Sch 20bn to Sch 23bn.

The increased requirement means that Kontrollbank will tap new markets abroad as well as the Swiss and German capital markets to which it has traditionally concentrated. As a start it is to float a Sch 500m bond in international markets. This will not be a shilling Eurobond in the strict sense of

the term, as Austria is anxious to avoid the development of a Euro-shilling market. While the issue is denominated in schillings, the transaction currency will be U.S. dollars at a guaranteed exchange rate against schillings.

The coupon has been set at 9 1/2 per cent with an issue price indicated around par, perhaps at a slight premium. The issue is lead-managed by Orin and S. G. Warburg.

One reason for the increased borrowing is that the Austrian current account deficit is now expected to reach some Sch 25bn this year including the errors and omissions. This compares with earlier estimates of Sch 18bn and a deficit of Sch 18.8bn in 1979.

There are two main factors behind the higher deficit. One is higher oil prices, which have affected every country in the world this year. Another is the peculiarly Austrian problem of heavy demand for imported

consumer durables, particularly cars.

This problem first surfaced three or four years ago as Austrians flocked to the car market when living standards rose following the mid-70s recession. At the time it was thought to be a temporary phenomenon but this year's experience shows that it is more permanent in nature reflecting sharply increased expectations in a country where living standards have risen significantly in a relatively short period of time.

Meanwhile the burden of financing the current account deficit has fallen this year largely on the shoulders of the Kontrollbank. Dr. Haschek believes it is in a good position to do this because it lends in foreign currencies as well as borrowing them.

Last year total Austrian borrowing on international capital markets was \$12.2bn, figures from the Organisation of

European Co-operation and Development show. This was somewhat lower than the \$15.2bn raised in 1978.

At the same time the deterioration in the trade deficit was already apparent with the monthly average shortfall rising to Sch 5.3bn from Sch 4.6bn in 1978. Imports averaged Sch 22.3bn per month and exports Sch 17.2bn compared with Sch 19.3bn and Sch 14.7bn a year earlier.

Dr. Haschek explained that another reason for the Kontrollbank move has been a decision to limit new issuing activity on the domestic bond market. This was taken because of the strains imposed on Austria's "hard currency policy" by the high international interest rate environment. This policy aims to set a stable relationship between the schilling and the D-mark, the currency of Austria's main trading partner.

High interest rates abroad, especially in Germany, have

compelled the Austrian authorities to adopt a stricter monetary policy. Liquidity is being made available by the Austrian National Bank in strictly measured doses—just enough to keep the economy on an even keel without any excesses that would cause the schilling to slide against the mark, which trades at around Sch 7.12.

The result has been a natural contraction in demand for domestic securities by banks so that new issue volume has had to be regulated. This year new outtake on the domestic market will be Sch 67.1bn, about 22.5 per cent down on last year.

Priority is being given to borrowers who raise funds for use within Austria. This means instituting such as mortgage banks and the Government whose gross outtake will be Sch 28.5bn, 10 per cent more than last year. Net government borrowing will, however, fall by 5 per cent.

## AUSTRIA

## Record profits and rights from ACI

By James Forth in Sydney

AUSTRALIAN Consolidated Industries, the major glass, plastics and packaging group, boosted group profit by 42 per cent to a record A\$40.6m (\$10.46m) in the year to March 31. The group plans to raise \$440m through a rights issue.

The move comes within days of sales of certain plastics interests which brought ACI between A\$7m and A\$9m, and suggests that the group is preparing for an expansionary move.

ACI itself has been mentioned in recent months and only last December it announced a surprise scrip issue, which had the appearance of a defensive move to ward off a possible bid. The group is known to be looking for areas in which to diversify and is interested in energy.

Its name has been linked with the New South Wales coal group, Oakbridge, and ACI recently admitted that it had bought a holding reportedly between 5 and 10 per cent.

The rights issue will be on a one-for-five basis at A\$1.60. ACI shares rose on the Sydney stock market yesterday from A\$2.06 to A\$2.25 on news of the higher earnings and issue.

On this basis the rights to the issue would have a theoretical value of 54 cents.

ACI's profit for the latest year jumped from A\$28.6m to A\$40.6m, and the directors have raised the dividend from 12.5 cents to 15 cents. Earnings per share amounted to 32.3 cents a share, twice the higher dividend.

The directors said they expected to pay at least 15 cents a share on the increased capital. The group also disclosed a A\$1.2m revaluation of land and buildings.

Improved profits were earned in all divisions in Australia, except fibreglass. Overseas operations also showed an improvement.

## Metro Meat merger called off

By Our Sydney Correspondent  
OVERSEAS CORPORATION and Metro Meat yesterday called off their proposed A\$65m (US\$73.6m) merger. This follows a A\$7m share-market raid on Tuesday by Melville-Davies, the hardware and building products group, which gave it almost 13 per cent of Overseas Corporation, and enough to block the merger. The shares were sold by disenchanted institutional holders who opposed the merger of a household products manufacturer and a meat and cold stores group.

The merger was to be achieved through a takeover of both companies by a newly-formed building company. The bid is due to close tomorrow but the directors confirmed yesterday that they would have insufficient acceptances by the closing date, and the merger would not go ahead.

Meanwhile Melville-Davies said nothing further about its purchase and its intentions although it is expected to make a A\$60m bid for control of Overseas.

## TEXTILE PROFITS

## Recovery in Japan: trebling at Teijin

BY RICHARD C. HANSON IN TOKYO

THREE OF JAPAN'S largest synthetic textile manufacturers have reported recoveries in sales and profits for the year ended March 31 as the impact of anti-recession measures, combined with strong demand and more profitable exports, took hold.

The outlook for the industry this year is mixed, however, because of the chances of a turnaround in economic activity in the latter half and the prospect of higher raw material costs.

Teijin, the largest manufacturer of polyester in Japan, more than trebled its net profit to Y7.2bn (\$81.8m), from Y2.23bn, on a 19.6 per cent increase in sales to Y493.46bn (\$1.78bn). Exports were down 3 per cent, to account for 20.4 per cent of sales compared with 25.2 per cent last year, as a result of slower textile plant exports. A sharp drop in the value of the yen in the latter half, however, brought the company Y1.5bn in foreign exchange gains on those exports.

Teijin has declared a 10 per cent dividend for the first time in three years. Last year the company paid 8 per cent.

Teijin's sales of Tetoron materials, more than half of the total (particularly to producers of magnetic video and audio tapes) were strong. The company was able, with healthy demand, to pass on about 75 per cent of the higher costs of raw materials to the consumer.

Kuraray, which ranks first in the world in vinylon production, boosted net profit by 230.2 per cent to Y677m (\$2.9m) on sales up 15.3 per cent to Y190.5bn

for the year. The company's exports were up 21.6 per cent to account for 21.9 per cent of sales, and brought exchange gains of about Y4m.

Kuraray produced a profit this year without heavy reliance on the sales of securities and other assets. The company was not, however, prepared to restore a dividend, absent since the 1976 fiscal year. Continued strong sales during the first half of the current year raise the possibility of a dividend, but the full year promises to produce a rather flat earnings performance.

Unitika, based in Osaka, had a rise in sales of 8.4 per cent to Y196.3bn, and a 270.3 per cent jump in net profit to Y578m. The company did not, however, report any immediate foreign exchange gains from the fall in the yen, because it exports through trading companies. The company has sold about Y3.1bn in assets in the year and is paying no dividend for the fourth year.

The synthetic textiles industry generally has been under reconstruction, through agreements on reducing production volume over the past two years to stabilise market prices. The companies are embarking on programmes to scrap equipment, while investing in plant to produce materials where demand remains strong.

This is most notable in Teijin's case. It spent most of a total of about Y14.8bn last year on expanding production of Tetoron film, used in the booming video tape industry, and is planning another Y20.5bn in spending this year.

## Kyoto Ceramic gain

BY YOKO SHIBATA IN TOKYO

KYOTO CERAMIC, Japan's leading manufacturer of ceramic products for the electronics industry and a highly export-oriented company, has reported a sharp gain in earnings for the fiscal year ended March, helped by demand from the semiconductor industry and by the yen's depreciation.

Operating profits advanced by 80.6 per cent to Y24.4bn (\$107.1m), and net profits by 75.3 per cent to Y12.04bn.

The sharp jump in turnover from Y50.34bn to Y81.9bn resulted from the system adopted by the company to pass on increases in the price of gold, which is used for integrated circuit packages, on the selling prices.

The dividend total is Y26.75

compared with Y25. The company increased its capital by 20 per cent on April 1 with a free offer.

Firm demand for integrated circuit (IC) packages is expected in the current year ending March, 1981, and the company is planning Y5.9bn of investment in capacity expansion, equal to that of 1979-80. By expanding and strengthening its domestic sales network, Kyoto hopes to move away from over-dependence on exports, which are liable to be hit by exchange fluctuations.

Operating profits are expected to reach Y26.2bn, up 7 per cent this year, with net profits at Y13.2bn, up 35 per cent, and sales at Y100.3bn, up 22 per cent.

## Haw Par sharply ahead

BY OUR SINGAPORE CORRESPONDENT

A GREATLY improved performance from Haw Par Brothers International, the Singapore investment concern, has been reported for the year to December 31. Pre-tax profits for the group were \$812.45m (US\$5.8m) in contrast with last year's loss of \$33.09m. Profit after tax was \$59.03m, compared with the previous loss of \$24.97m.

Extraordinary items amounted to \$514.90m in comparison with \$19.29m. The group profit attributable to shareholders was \$22.90m, up from the previous year's \$14.08m.

The parent company's pre-tax profit was \$58.91m—down from

last year's \$513.67m. Extraordinary items amounted to \$19.29m compared with the previous loss of \$24.97m. Profit after tax was \$59.03m compared with the previous year's \$14.08m.

The 1979 results incorporate the profits of the Setrow group for the period July 1, 1979 to December 31. The results of Haw Par and Setrow exceeded the profit forecast made at the time of the takeover of Setrow. Extraordinary items comprise mainly the profit arising out of the sale of the Tiger Balm Gardens in Hong Kong.

## Oerlikon-Buehrle sees sales gain

By John Wicks in Zurich

OERLIKON-BUEHRLE, the Swiss armaments in shoes group, expects sales to increase in 1980 and predicts that profits will be "good".

Last year the group returned SwFr 243.9m (\$145m) on a worldwide basis, excluding the results of the U.S. acquisition of Motech and Merryweather. In 1979 earnings totalled SwFr 227.9m.

Turnover rose by 15.2 per cent to SwFr 3.59bn. When sales of Motech included the sales total reaches SwFr 4.13bn.

Sales this year should rise by a further five to 10 per cent. In the first three to four months, arms orders have been at 1979 levels while all non-military product sectors have experienced higher new order levels.

The military sector, which last year accounted for some 45 per cent of group sales, remains "much more profitable" than other operations. Up to 80 per cent of earnings may be generated by the military products.

The year started "very well" for machine-tool business, while further growth is also expected in vehicle manufacture, welding technology and ultra-high-vacuum and thin-film technology. The Bally subsidiary is also expected to improve.

The textiles division, which remained in the red in 1979, is banking higher sales, while "satisfactory" business is reported for hotel, insurance and real-estate subsidiaries.

## Krupp Steel optimistic after ending losses

BY ROGER BOYES IN BONN

THE KRUPP steel making wing, Friedrich Krupp Huettenerwerke, recorded a profit in 1979 after four years of substantial losses and seems reasonably confident earnings this year will also be satisfactory.

This represents a major turnaround for the company which, like other German steelmakers, has benefited from last year's revival in demand for crude steel. But FKH—which is to be renamed Krupp Stahl next month—has also made a significant shift of emphasis to special steels, which should ensure that it will avoid the heavy losses of the mid-1970s. Much depends on

international political and economic developments, however.

The mortgage of the past four years, however, still weighs heavily on the company. FKH made DM 10m in net profits last year compared with losses of DM 65.8m in 1978.

Crude steel production rose by 7.2 per cent to 5.4m tonnes last year and turnover increased by over 19 per cent to DM 5.23bn, although this last development was partly influenced by the consolidation into the accounts of the Gerlach plant.

The ratio of profits to turnover is admittedly small. Moreover, Dr. Wilhelm Scheider,

chairman of the FKH board, warns of the considerable uncertainties surrounding raw material costs, the political problems such as trade embargoes, protectionist moves in the U.S. and flagging demand from major customers such as the motor industry.

But the first four months are showing a "positive" result according to company executives and FKH is relatively optimistic about the remainder of the year, despite the possibility of international problems. The main driving force behind the good performance in the first four months is the special steels section, rather

than basic or quality steels, which are starting to cause concern.

Special steels are likely to be FKH's trump card in the 1980s. The company launched a sweeping re-equipment programme in the 1970s, which, it believes, will make it one of Europe's leading special steels producers.

While this has produced fresh vulnerabilities—its dependence on highly priced scrap, for example—it has also ensured FKH an important niche in one of the healthier parts of the steel market. Special steels now account for 52 per cent of sales compared with 47 per cent in 1978.

## Preussag back to dividends

By Our Bonn Staff

PREUSSAG, the diversified West German metals and energy group, is to resume dividends after an absence of three years. For 1979 shareholders will receive DM 7 a share, which is the equivalent of their last payment in 1976.

The group moved out of the red in 1978 but profits remained depressed. Last year it clearly gained from the recovery in the German steel industry and from the more stable prices to be found in the non-ferrous metals industry.

Westdeutsche Landesbank is a major shareholder in Preussag.

## Estel reduces loss in first quarter

BY CHARLES BATCHELOR IN AMSTERDAM

ESTEL Hoesch-Hongovens, the Dutch-German steel group, sees less prospect of returning to profit in the current quarter although it managed to reduce its pre-tax loss in the first quarter of 1980.

A downturn in the steel division in the first three months of the year contrasted with improvement in the company's remaining divisions. Continuing share price rises for energy, raw materials and sea freight tariffs are expected to depress the 1980 result.

Estel recorded a pre-tax loss of Fl 53.6m (\$27m) in the first 1980 quarter, down from the losses of Fl 90.6m in the previous quarter and of Fl 70.8m in the first 1979 quarter. The previous quarter's result was,

however, depressed by non-recurring spending on structural improvements.

At the operating level, profit nearly doubled to Fl 55.9m from Fl 32.3m in the previous quarter and was well up on the Fl 14m profit in the comparable 1979 period.

Turnover rose 3.5 per cent to Fl 3.53bn (\$1.8bn) over the preceding three months and was 24 per cent higher than in the first 1979 quarter.

The result of the steel processing division was better than the average performance in 1979 and a small profit was made. The trading division also made a considerable improvement largely due to higher volume sales from stocks. Estel's two steelmaking

plants, in Limuiden and Dortmund, both made a loss in the first quarter. This was partly due to the fact that personnel shortages meant that Limuiden could not work at the required capacity. Dearer energy and raw materials prices meanwhile could not be fully passed on in the sales prices.

Pig iron production fell 3 per cent to 2.18m tonnes compared with the preceding quarter but was 14 per cent up on the first 1979 quarter. Crude steel production fell 5 per cent to 2.7m tonnes but was 9 per cent up on the first 1979 quarter. Estel made 2.24m tonnes of rolled steel products—3 per cent less than in the preceding quarter and unchanged on the year before quarter.

All of these Securities have been sold. This announcement appears as a matter of record only.

Not a New Issue

4,000,000 Shares  
Getty Oil CompanyCommon Stock  
without par value

MORGAN STANLEY &amp; CO.

LEHMAN BROTHERS Kuhn Loeb

BLYTH EASTMAN PAINE WEBBER

BACHE HALSEY STUART SHIELDS

DONALDSON, LUFKIN &amp; JENRETTE

L.F. ROTHSCHILD, UNTERBERG, TOWBIN

WARBURG PARIBAS BECKER

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KLEINWORT, BENSON

NOMURA SECURITIES INTERNATIONAL, INC.

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GIROZENTRALE

This announcement appears as a matter of record only.

MEDIUM TERM LOAN

U.S. \$ 11,500,000

MALAWI DEVELOPMENT CORPORATION

THE REPUBLIC OF MALAWI

SODITIC S.A.

BANCO DI ROMA (London Branch)

BANK OF BARODA

INTERNATIONAL COMMERCIAL BANK

MIDLAND BANK Limited

BANK FÜR HANDEL UND INDUSTRIE

Aktiengesellschaft

COOPERATIVE BANK Limited

MIDLAND AND INTERNATIONAL BANKS

Limited

SIRIDA INVESTMENT COMPANY

SODITIC S.A.

May, 1980

April 1980



# CURRENCIES, MONEY and GOLD

## Sterling strong

Sterling rose to its best level in nearly five years in currency markets yesterday, underpinned by further rises in oil prices, and indications that UK interest rates are unlikely to fall in the near future. The Bank of England's sterling weighted index for sterling rose to its best level since August 1975 at 1,332.5, although it touched this level in April this year at a noon level. Yesterday's close was 0.8 from Tuesday's close of 1,331.5.

The pound's rise came despite reports by the Bank of England that it would not raise the rate. At the time of the report, sterling was trading at \$2.3225 against the dollar, and although sterling touched \$2.3315 later in the day, it had fallen back to \$2.3250 just before 5 pm. However, the demand for the pound rose to a best level of 1,333.5, and it closed at \$2.3325, a rise of 4.1c from Tuesday's close and its best level since May 1975. It was also sharply higher against European currencies, rising from DM 4.1325 to DM 4.1725 against the Deutschmark, and from FF 9.5200 to FF 9.7100 in terms of the French franc.

Trading centred around sterling but the dollar was still sharply weaker mainly on lower oil prices, and although sterling was quoted at 104 per cent, the three-months compared with 11.7 per cent on Tuesday, and the six-month rate was lower at 10.7 per cent compared with 11.4 per cent. In New York, dollar funds were quoted as 6 per cent but came back

### THE POUND SPOT AND FORWARD

May 21	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3200-2.3235	2.3315-2.3325	1.67-1.675 pm	8.34	3.91-3.91 pm	8.62
Canada	2.6800-2.7000	2.7010-2.7030	1.10-0.86 pm	4.57	3.26-3.15 pm	4.81
Netherlands	4.52-4.53	4.58-4.59	2.1-1.4 pm	5.59	7.4-6 pm	5.67
Belgium	4.51-4.52	4.58-4.59	2.1-1.4 pm	5.59	7.4-6 pm	5.67
Denmark	12.87-12.91	12.90-12.91	1.1-0.9 pm	1.56	2.5-2.1 pm	1.58
Ireland	1.1040-1.1155	1.1140-1.1150	0.05-0.05 pm	0.43	0.22-0.17 pm	0.70
W. Ger.	4.12-4.13	4.16-4.17	8.5-8.2 pm	7.55	8.4-7.4 pm	7.31
Portugal	115.10-114.70	114.65-114.55	35-30 pm	-4.15	115-100 pm	-4.45
Spain	163.80-165.75	165.60-165.70	46-50 pm	1.35	200-195 pm	-0.39
Italy	1232-1234	1233-1234	2.1-1.4 pm	0.82	3.1-1.1 pm	0.46
Norway	11.52-11.43	11.42-11.43	2.1-1.4 pm	2.22	12-11 pm	4.11
France	9.52-9.53	9.58-9.59	4.0-3.5 pm	4.70	10.5-9.5 pm	4.07
Sweden	9.70-9.82	9.80-9.81	1.1-0.9 pm	1.37	5.4-4.4 pm	2.04
Japan	232-233	232-233	2.30-1.70 pm	4.48	6.05-5.55 pm	4.43
Austria	25.40-25.75	25.72-25.77	14-30 pm	3.43	36-45 pm	7.05
Switzerland	3.55-3.57	3.57-3.58	4-3 pm	10.56	11.1-10.4 pm	10.57

### THE DOLLAR SPOT AND FORWARD

May 21	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK	2.3200-2.3235	2.3315-2.3325	1.67-1.675 pm	8.34	3.91-3.91 pm	8.62
Ireland	2.0200-2.0210	2.0200-2.0200	1.80-1.50 pm	8.80	4.00-3.90 pm	7.60
Canada	1.1570-1.1600	1.1580-1.1591	0.25-0.20 pm	-2.80	0.24-0.30 pm	-1.26
Netherlands	1.5945-1.5718	1.5960-1.5975	0.27-0.47 pm	-2.56	0.27-0.47 pm	-0.85
Belgium	1.5945-1.5718	1.5960-1.5975	0.27-0.47 pm	-2.56	0.27-0.47 pm	-0.85
Denmark	5.5815-5.6010	5.5815-5.5980	4.50-5.00 pm	-10.20	10.1-10.4 pm	-7.52
W. Ger.	1.7880-1.7935	1.7875-1.7885	pm-0.10 pm	-0.33	0.42-0.32 pm	0.82
Portugal	35-30 pm	35-30 pm	35-30 pm	-4.15	115-100 pm	-4.45
Spain	70-50 pm	70-50 pm	70-50 pm	1.35	200-195 pm	-0.39
Italy	81.80-84.30	84.10-84.10	5-8 pm	-7.84	13.1-15 pm	-2.77
Norway	4.8800-4.9177	4.9010-4.9020	1.90-2.30 pm	-3.81	2.00-3.00 pm	-2.78
France	4.1800-4.1725	4.1800-4.1820	1.27-1.37 pm	-7.48	5.40-5.50 pm	-5.18
Sweden	4.2070-4.2170	4.2075-4.2080	2.55-2.70 pm	-4.28	1.26-1.50 pm	-2.54
Japan	222.20-224.50	224.45-224.55	0.70-0.80 pm	4.48	6.05-5.55 pm	4.43
Austria	12.5-12.7	12.5-12.7	0.50-0.50 pm	3.39	2.05-1.55 pm	4.82
Switzerland	1.6570-1.6716	1.6605-1.6615	0.52-0.42 pm	3.39	2.05-1.55 pm	4.82

### CURRENCY RATES

May 21	Bank rate	Special Drawing Rights	European Currency Unit	May 21	Bank of England Index	Morgan Guaranty
U.S.	17	0.86472	0.609141	U.S.	74.0	-31.8
Canada	13	1.20072	1.89371	Canada	61.4	-16.4
Netherlands	13	1.5960	1.5975	Netherlands	115.0	-10.1
Belgium	14	1.5960	1.5975	Belgium	115.0	-10.1
Denmark	14	5.5815	5.5980	Denmark	10.1	-7.52
W. Ger.	14	1.7880	1.7885	W. Ger.	10.1	-7.52
Portugal	14	35-30	35-30	Portugal	10.1	-7.52
Spain	14	70-50	70-50	Spain	10.1	-7.52
Italy	14	81.80-84.30	84.10-84.10	Italy	10.1	-7.52
Norway	14	4.8800-4.9177	4.9010-4.9020	Norway	10.1	-7.52
France	14	4.1800-4.1725	4.1800-4.1820	France	10.1	-7.52
Sweden	14	4.2070-4.2170	4.2075-4.2080	Sweden	10.1	-7.52
Japan	14	222.20-224.50	224.45-224.55	Japan	10.1	-7.52
Austria	14	12.5-12.7	12.5-12.7	Austria	10.1	-7.52
Switzerland	14	1.6570-1.6716	1.6605-1.6615	Switzerland	10.1	-7.52

### OTHER CURRENCIES

May 21	Bank rate	Special Drawing Rights	European Currency Unit	May 21	Bank of England Index	Morgan Guaranty
Argentina	17	0.86472	0.609141	Argentina	74.0	-31.8
Australia	13	1.20072	1.89371	Australia	61.4	-16.4
Canada	13	1.5960	1.5975	Canada	115.0	-10.1
Netherlands	14	1.5960	1.5975	Netherlands	115.0	-10.1
Belgium	14	1.5960	1.5975	Belgium	115.0	-10.1
Denmark	14	5.5815	5.5980	Denmark	10.1	-7.52
W. Ger.	14	1.7880	1.7885	W. Ger.	10.1	-7.52
Portugal	14	35-30	35-30	Portugal	10.1	-7.52
Spain	14	70-50	70-50	Spain	10.1	-7.52
Italy	14	81.80-84.30	84.10-84.10	Italy	10.1	-7.52
Norway	14	4.8800-4.9177	4.9010-4.9020	Norway	10.1	-7.52
France	14	4.1800-4.1725	4.1800-4.1820	France	10.1	-7.52
Sweden	14	4.2070-4.2170	4.2075-4.2080	Sweden	10.1	-7.52
Japan	14	222.20-224.50	224.45-224.55	Japan	10.1	-7.52
Austria	14	12.5-12.7	12.5-12.7	Austria	10.1	-7.52
Switzerland	14	1.6570-1.6716	1.6605-1.6615	Switzerland	10.1	-7.52

### EXCHANGE CROSS RATES

May 21	Pound Sterling	U.S. Dollar	Deutschmark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	2.332	4.172	254.0	0.710	3.675	4.885	1964	2.708	66.85
U.S. Dollar	0.429	1	1.708	224.7	0.104	1.664	1.966	942.0	1.159	28.97
Deutschmark	0.240	0.596	1	185.6	0.287	0.920	1.090	470.6	0.848	12.02
Japanese Yen	1,000	4,050	7,963	1,000	1,655	7,598	8,750	374.7	5,155	127.0
French Franc	0.1030	2.408	4.287	539.8	1.0	3.881	4.728	2022	2.783	68.85
Swiss Franc	0.268	0.602	1.077	159.2	2,906	1	1.183	506.7	0.697	17.25
Dutch Guilder	0.218	0.599	0.910	114.3	2,118	0.845	1	428.9	0.589	14.58
Italian Lira	0.509	1.188	3.125	863.5	4,945	0.074	0.855	1,000	1.375	34.05
Canada Dollar	0.570	0.653	1.444	183.6	2,594	1.434	1.697	725.7	1	24.74
Belgian Franc	1,486	6,488	6,242	763.6	14,63	3,787	3,850	293.7	4,042	100

### EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 9.50-9.70 per cent; three-months 9.70-9.80 per cent; six-months 9.80-9.90 per cent; one year 9.70-9.80 per cent.

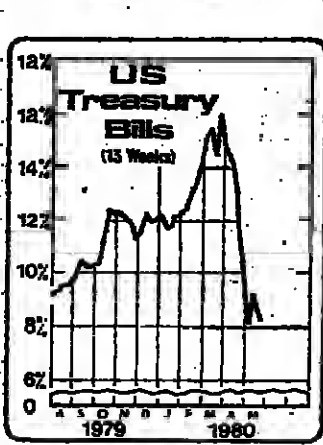
May 21	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian \$	Japanese Yen
Short term	12-17 1/4	6 1/4-8 1/4	—	10 1/2-11 1/4	4 1/4-5 1/4	6 1/4-8 1/4	12 1/2-13 1/4	14-16	8 1/2-9 1/2	12 1/2-13 1/4
7 days notice	12 1/2-13 1/4	6 1/4-8 1/4	—	10 1/2-11 1/4	4 1/4-5 1/4	6 1/4-8 1/4	12 1/2-13 1/4	14-16	8 1/2-9 1/2	12 1/2-13 1/4
1 month	12 1/2-13 1/4	6 1/4-8 1/4	—	10 1/2-11 1/4	4 1/4-5 1/4	6 1/4-8 1/4	12 1/2-13 1/4	14-16	8 1/2-9 1/2	12 1/2-13 1/4
3 months	12 1/2-13 1/4	6 1/4-8 1/4	—	10 1/2-11 1/4	4 1/4-5 1/4	6 1/4-8 1/4	12 1/2-13 1/4	14-16	8 1/2-9 1/2	12 1/2-13 1/4
6 months	12 1/2-13 1/4	6 1/4-8 1/4	—	10 1/2-11 1/4	4 1/4-5 1/4	6 1/4-8 1/4	12 1/2-13 1/4	14-16	8 1/2-9 1/2	12 1/2-13 1/4
1 year	12 1/2-13 1/4	6 1/4-8 1/4	—	10 1/2-11 1/4	4 1/4-5 1/4	6 1/4-8 1/4	12 1/2-13 1/4	14-16	8 1/2-9 1/2	12 1/2-13 1/4

Long-term Eurodollar two years 11-11 1/4 per cent; three years 11-11 1/4 per cent; four years 11-11 1/4 per cent; five years 11-11 1/4 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollar and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

## Frankfurt easier

The downward trend in U.S. interest rates, and the recent increase in West German rates, has created renewed demand for the D-mark and led to ease seasonal shortages of funds in the Frankfurt money market. An inflow of foreign exchange to Germany, attracted by the swing in interest rates, has assisted the money market over shortages of liquidity caused by payments of tax. The long holiday weekend may lead to some delay in payments to the German authorities, but the major part of the tax season is expected to be completed some time next week.

The central bank has also added funds to the market under its Lombard facility, where money is available to the banks at 8.5 per cent. Call money in the domestic market is only



### MONEY RATES

MONEY RATES	
<b>NEW YORK</b>	
Prime Rate	16-16 1/2
Fed. Funds	7-8
Treasury Bill (13-week)	8.16
Treasury Bill (28-week)	8.30
<b>GERMANY</b>	
Discount Rate	7.5
Overnight Rate	8.55
One month	10.75
Three months	10.75
Six months	1.90
<b>FRANCE</b>	
Discount Rate	8.5
Overnight Rate	12.75
One month	12.6575
Six months	12.6575
<b>JAPAN</b>	
Discount Rate	8.0
Overnight Rate	12.85
One month	12.6575
Six months	12.6575

## Small help

Conditions were fairly comfortable in the London money market yesterday, on monthly make-up day for the banks. A small shortage of credit was expected, and in the event the authorities gave small assistance by buying a small amount of Treasury bills and a small number of local authority bills from the discount houses. The authorities also lent a small amount to two or three houses.

May 21	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian \$	Japanese Yen
Short term	12-17 1/4	6 1/4-8 1/4	—	10 1/2-11 1/4	4 1/4-5 1/4	6 1/4-8 1/4	12 1/2-13 1/4	14-16	8 1/2-9 1/2	12 1/2-13 1/4
7 days notice	12 1/2-13 1/4	6 1/4-8 1/4	—	10 1/2-11 1/4	4 1/4-5 1/4	6 1/4-8 1/4	12 1/2-13 1/4	14-16	8 1/2-9 1/2	12 1/2-13 1/4
1 month	12 1/2-13 1/4	6 1/4-8 1/4	—	10 1/2-11 1/4	4 1/4-5 1/4	6 1/4-8 1/4	12 1/2-13 1/4	14-16	8 1/2-9 1/2	12 1/2-13 1/4
3 months	12 1/2-13 1/4	6 1/4-8 1/4	—	10 1/2-11 1/4	4 1/4-5 1/4	6 1/4-8 1/4	12 1/2-13 1/4	14-16	8 1/2-9 1/2	12 1/2-13 1/4
6 months	12 1/2-13 1/4	6 1/4-8 1/4	—	10 1/2-11 1/4	4 1/4-5 1/4	6 1/4-8 1/4	12 1/2-13 1/4	14-16	8 1/2-9 1/2	12 1/2-13 1/4
1 year	12 1/2-13 1/4	6 1/4-8 1/4	—	10 1/2-11 1/4	4 1/4-5 1/4	6 1/4-8 1/4	12 1/2-13 1/4	14-16	8 1/2-9 1/2	12 1/2-13 1/4

### LONDON MONEY RATES

Overnight	8-17
7 days notice	17 1/2-18
1 month	17 1/2-18
3 months	17 1/2-18
6 months	17 1/2-18
1 year	17 1/2-18
2 years	17 1/2-18
3 years	17 1/2-18
4 years	17 1/2-18
5 years	17 1/2-18
6 years	17 1/2-18
7 years	17 1/2-18
8 years	17 1/2-18
9 years	17 1/2-18
10 years	17 1/2-18

## Slight rise

Gold rose \$7 an ounce in the London bullion market yesterday to close at \$512.516. However, it eased back in New York as sellers entered the market. Initially in London the metal showed a firmer tendency, and after opening at \$509.512, it rose to \$511.75 at the morning fixing. In Zurich the metal finished at \$511.515 against \$502.507 previously.

French Sovereigns	\$146.158	\$146.158	(1874-76)
Belgian 100 Francs	\$127.150	\$127.150	(1874-76)
French 100 Francs	\$124.150	\$124.150	(1874-76)
Spanish 100 Pesos	\$103.657	\$103.657	
Austrian 100 Schillings	\$103.657	\$103.657	
100 Marks	\$103.657	\$103.657	
100 Francs	\$103.657	\$103.657	
100 Pounds	\$103.657	\$103.657	
100 Dollars	\$103.657	\$103.657	
100 Yen	\$103.657	\$103.657	
100 Rupees	\$103.657	\$103.657	
100 Reals	\$103.657	\$103.657	
100 Liras	\$103.657	\$103.657	
100 Escudos	\$103.657	\$103.657	
100 Pesetas	\$103.657	\$103.657	
100 Centesimos	\$103.657	\$103.657	
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This advertisement complies with the requirements of the Council of The Stock Exchange

£20,000,000

**BENEFICIAL OVERSEAS FINANCE N.V.**

(Incorporated with limited liability in the Netherlands Antilles)

**14 1/4% NOTES DUE MAY 15, 1990**

Unconditionally guaranteed as to payment of principal, premium, if any, and interest by

**BENEFICIAL CORPORATION**

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The issue price of the Notes is 100 per cent. The 20,000 Notes of £1,000 each constituting the above issue have been admitted to the Official List by the Council of The Stock Exchange.

Full particulars of Beneficial Overseas Finance N.V. and of the Notes are available in the Extel Statistical Service and may be obtained during normal business hours up to and including June 6, 1980 from:

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May 22, 1980

**FINANCIAL TIMES  
AVIATION-RELATED  
SURVEYS 1980**

<b>Aerospace</b> (To coincide with the FT World Aerospace Conference and Farnborough Air Show)	<b>26 August</b>	<b>Aviation, Marine &amp; Defence Electronics</b> (To precede MEDE, Wiesbaden)	<b>15 October</b>
<b>Air Freight</b> (To precede Air Cargo 80 and Air Freight in Action)	<b>5 September</b>	<b>Arab Travel &amp; Tourism</b>	<b>15 October</b>
<b>Manchester Airport</b>	<b>October</b>	<b>U.S. Tourism</b>	<b>17 December</b>

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Neil RyderFinancial Times, Bracken House, 10 Cannon Street, London EC4P 4BY  
Telephone: 01-248 8000 Extn. 7180 or 553 - Telex: 885033 FINTIM G**FINANCIAL TIMES**  
EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

**APPOINTMENTS****Chloride main Board post**

Mr. David S. Burnet has been appointed to the main board of CHLORIDE GROUP. Mr. Burnet was managing director of Clyda Batteries Pty., Australia, from 1982 until the company was acquired by Chloride in 1972. He is at present chairman of Chloride's automotive operations in the UK and Continental Europe.

Lord Stokes of Leyland has been appointed to the board of SUITS, Lomho's wholly owned Scottish holding company. Lord Stokes has also joined the boards of SUITS' motor distribution subsidiaries, the Dutton-Forsyth Group and Jack Barclay.

**Thomson group changes**

A major operating group has been formed by THOMSON BRITISH HOLDINGS, under the title of Thomson Information Services, which will incorporate Thomson Data, Thomson Magazines, and a company to be established for the publication of local directories. The new group will be operational from June 1.

Mr. W. M. Brown, a joint deputy managing director of Thomson British Holdings, will be chairman of Thomson Information Services. The Board will consist of Mr. E. I. Eyres, Mr. W. Heaps, Mr. M. Hyams, Mr. M. S. Mander, Mr. E. G. Paver, Mr. M. Weekes, all executive directors, and Mr. E. G. Hedgecock as a non-executive director. Mr. Eyres remains managing director of Thomson Yellow Pages.

Mr. Heaps, who for the last three years has been managing director of Thomson Magazines and has been largely responsible for carrying through the successful development programme, becomes managing director of Thomson Data with responsibility for the development of the group's expanding interests in the information sciences both in Europe and the U.S. He will be joining various Boards in his new position.

Mr. Hyams becomes chairman of Thomson Data and remains chairman and chief executive of Derwent Publications. He will continue his strategic role in furthering Thomson's position in information services in Europe and the U.S.

Mr. Mander is appointed managing director and chief executive of Thomson Magazines, which will include Thomson consumer and business publications in the UK, Australia, South Africa, and the publishing companies with which Thomson is involved in Europe, for all of which areas continuing growth

is planned. He will be joining the relevant magazine publishing Boards in Britain and North America. He remains on the Board of Times Newspapers as a non-executive director.

Mr. Paver will continue to undertake his responsibilities for the special interest operations in the UK and his existing responsibilities for various overseas companies, all of which will be part of Thomson Magazines, and he will join that board. Mr. Weekes is appointed commercial director, to include financial responsibility. Mr. Hedgecock is a director of a number of companies within the Thomson group, including Computacar, of which he is chairman.

In the educational publishing division, Thomas Nelson will be a separate operating group with its corporate headquarters in Toronto, Canada. Mr. J. Fleming, as chairman and chief executive, will be responsible for all Thomas Nelsons operations throughout the world.

Within trade publishing, the various trade book publishing

companies, Michael Joseph, Hamish Hamilton, Rainbird, Sphere Books, and TBL Book Services, which form Thomson Books, will continue as their own operating group and operate as before under their own imprints.

Mr. B. Llewellyn will be relinquishing full time employment with the group on June 30, 1980 to have the time to develop his private business interests. Both he and the group have agreed to maintain a very close and continuing relationship, and arrangements have been concluded by which Mr. Llewellyn will act as a consultant to the group in relation to its information, publishing and travel interests. He will, for the foreseeable future, remain chairman of Thomson Books, and continue either as non-executive chairman or director of such other companies as is mutually agreed.

Mr. C. N. D. Cole, a director of Thomson British Holdings, will join the Board of Thomson Books.

On the headquarters staff, Mr. J. Bryers, personnel director of

Thomson Publications, is joining the headquarters staff of Thomson British Holdings, 20 Stratford Place, prior to taking up another senior appointment in the group.

Mr. Maxwell Cressley has been appointed as a non-executive director of GRAINGER TRUST. Mr. Cressley, who is managing director of MEPC, has retired from the board of Grainger Trust (and was managing director of MEPC from 1964-1972).

Mr. T. M. Hearley has joined the board of CROUCH GROUP as a non-executive director.

Mr. Edward W. B. Watson has been appointed managing director of CHEMURING LIMITED. Mr. Ian M. Patefield remains chairman and chief executive of the Chemur Group.

BANKERS TRUST COMPANY has appointed Dr. Eckhard G. Chalk, vice-president, as managing director of the company's Europe/UK group, head responsible for business with European governments and European banks. He will continue to be located in New York.

**Report and Accounts 1979****carpets international**

		Year to December 1979	1978
<b>Turnover</b>	£m	121.63	115.32
<b>Profit before taxation</b>	£m	2.02	4.48
<b>Earnings per share</b>	pence	4.5	13.4
<b>Dividend per share</b>	pence	2.5	5.0

- 1979 was a difficult trading year, particularly in the UK.
- New marketing initiatives and streamlined operations are aimed at strengthening the Group's competitive position.

The Annual General Meeting was held on 21 May, 1980 in London. Copies of the 1979 Report and Accounts are available on request from the Company Secretary.

Carpets International Limited, Kidderminster, Worcestershire DY10 1AL



Arthur C. Clarke, one of the world's foremost science fact and fiction authors, lives and works in Sri Lanka.

**"The future of Sri Lanka is my future."**

Arthur C. Clarke, author of "2001 — A Space Odyssey."

Looking beyond its natural beauty, Sri Lanka has an abundant source of an extremely valuable commodity — energy. Energy in the form of hydro-power, thermal power and possibly, during this decade, solar power.

Clarke, the "father" of satellite communications, also sees the country's strategic location, 5° above the Equator, as the perfect launching site for further commercial space operations.

Indeed Sri Lanka may well be considered the ideal location for an international equatorial spaceport. An idea currently under active discussion. Sri Lanka's role would then be a major one in the next industrial revolution.

For more information on investment in Sri Lanka, contact the Greater Colombo Economic Commission, 14 Sir Baron Jayatilake Mawatha, Colombo 1, Sri Lanka. Tel: 34403-5. Cable: ECONCOM COLOMBO. Telex: 1332 ECONCOM COLOMBO.



updates and Markets

WORLD STOCK MARKETS

Early Wall St. retreat of 8.9

NEW YORK			Stock			Stock			Stock		
May 10	May 9	May 8	May 10	May 9	May 8	May 10	May 9	May 8	May 10	May 9	May 8
Indust. 32 1/2	32 1/2	32 1/2	Al. Ind. 32 1/2	32 1/2	32 1/2	Al. Ind. 32 1/2	32 1/2	32 1/2	Al. Ind. 32 1/2	32 1/2	32 1/2
Chem. 32 1/2	32 1/2	32 1/2	Chem. 32 1/2	32 1/2	32 1/2	Chem. 32 1/2	32 1/2	32 1/2	Chem. 32 1/2	32 1/2	32 1/2
Auto 32 1/2	32 1/2	32 1/2	Auto 32 1/2	32 1/2	32 1/2	Auto 32 1/2	32 1/2	32 1/2	Auto 32 1/2	32 1/2	32 1/2
Steel 32 1/2	32 1/2	32 1/2	Steel 32 1/2	32 1/2	32 1/2	Steel 32 1/2	32 1/2	32 1/2	Steel 32 1/2	32 1/2	32 1/2
Oil 32 1/2	32 1/2	32 1/2	Oil 32 1/2	32 1/2	32 1/2	Oil 32 1/2	32 1/2	32 1/2	Oil 32 1/2	32 1/2	32 1/2
Food 32 1/2	32 1/2	32 1/2	Food 32 1/2	32 1/2	32 1/2	Food 32 1/2	32 1/2	32 1/2	Food 32 1/2	32 1/2	32 1/2
Textile 32 1/2	32 1/2	32 1/2	Textile 32 1/2	32 1/2	32 1/2	Textile 32 1/2	32 1/2	32 1/2	Textile 32 1/2	32 1/2	32 1/2
Pharm. 32 1/2	32 1/2	32 1/2	Pharm. 32 1/2	32 1/2	32 1/2	Pharm. 32 1/2	32 1/2	32 1/2	Pharm. 32 1/2	32 1/2	32 1/2
Tele. 32 1/2	32 1/2	32 1/2	Tele. 32 1/2	32 1/2	32 1/2	Tele. 32 1/2	32 1/2	32 1/2	Tele. 32 1/2	32 1/2	32 1/2
Transport 32 1/2	32 1/2	32 1/2	Transport 32 1/2	32 1/2	32 1/2	Transport 32 1/2	32 1/2	32 1/2	Transport 32 1/2	32 1/2	32 1/2
Utilities 32 1/2	32 1/2	32 1/2	Utilities 32 1/2	32 1/2	32 1/2	Utilities 32 1/2	32 1/2	32 1/2	Utilities 32 1/2	32 1/2	32 1/2
Real Estate 32 1/2	32 1/2	32 1/2	Real Estate 32 1/2	32 1/2	32 1/2	Real Estate 32 1/2	32 1/2	32 1/2	Real Estate 32 1/2	32 1/2	32 1/2
Government 32 1/2	32 1/2	32 1/2	Government 32 1/2	32 1/2	32 1/2	Government 32 1/2	32 1/2	32 1/2	Government 32 1/2	32 1/2	32 1/2
Foreign 32 1/2	32 1/2	32 1/2	Foreign 32 1/2	32 1/2	32 1/2	Foreign 32 1/2	32 1/2	32 1/2	Foreign 32 1/2	32 1/2	32 1/2
Commodities 32 1/2	32 1/2	32 1/2	Commodities 32 1/2	32 1/2	32 1/2	Commodities 32 1/2	32 1/2	32 1/2	Commodities 32 1/2	32 1/2	32 1/2
Options 32 1/2	32 1/2	32 1/2	Options 32 1/2	32 1/2	32 1/2	Options 32 1/2	32 1/2	32 1/2	Options 32 1/2	32 1/2	32 1/2
Index 32 1/2	32 1/2	32 1/2	Index 32 1/2	32 1/2	32 1/2	Index 32 1/2	32 1/2	32 1/2	Index 32 1/2	32 1/2	32 1/2

A DECIDEDLY weaker tendency prevailed on Wall Street yesterday morning, in fairly active trading.

Analysts said the market was overbought and the decline was considered largely technical following the advance of the past four weeks.

The Dow Jones Industrial Average retreated 8.88 to 823.63 and the NYSE All Common stock 32 1/2 to 304.05. Falls outpaced rises by about a two-to-one margin, while volume expanded to 24.04 million shares from Tuesday's 1.00 pm level of 22.63m.

The market seemed unaffected by indications that the Federal Reserve is willing to raise rates further. The Fed allowed the Federal Reserve to fall to 9 1/2 per cent before intervening yesterday morning to prevent rates from going lower.

Previously, the Fed had intervened when Federal funds traded at 10 1/2 per cent.

Twentieth Century-Fox lost 1 1/4 to 47 1/2. The company said it will have difficulty this year surpassing last year's earnings of \$5.92 a share.

Metco-Goldwyn-Meyer, in contrast, gained 1/4 to \$21 on stating that its largest shareholder, Trans-Canada Investment, is considering making a tender offer to buy Metco common stock.

Active AT&T eased 1/4 to \$53. It has authorized the sale of \$500m of intermediate-term debt in June.

YVES AMERICAN SE Market Value Index eased 0.17 to 239.55 at 1 pm on volume of 2.38m shares (2.00m). Declines on the Exchange outnumbered advances by 240-to-188.

Sheron Steel moved ahead 1 1/4 to 47 1/2. According to reports, Sheron Steel is in talks with the SEC to raise its interest in City Investing. Tameco Enterprises has offered to purchase for \$30 cash per share the assets of City Investing, which

Closing prices for North America were not available for this edition.

CANADA			BELGIUM (continued)			HOLLAND			AUSTRALIA		
Stock	May 10	May 9	Stock	May 10	May 9	Stock	May 10	May 9	Stock	May 10	May 9
Alcan 32 1/2	32 1/2	32 1/2	Alcan 32 1/2	32 1/2	32 1/2	Alcan 32 1/2	32 1/2	32 1/2	Alcan 32 1/2	32 1/2	32 1/2
Bank of Montreal 32 1/2	32 1/2	32 1/2	Bank of Montreal 32 1/2	32 1/2	32 1/2	Bank of Montreal 32 1/2	32 1/2	32 1/2	Bank of Montreal 32 1/2	32 1/2	32 1/2
Imperial Oil 32 1/2	32 1/2	32 1/2	Imperial Oil 32 1/2	32 1/2	32 1/2	Imperial Oil 32 1/2	32 1/2	32 1/2	Imperial Oil 32 1/2	32 1/2	32 1/2
Manitowac 32 1/2	32 1/2	32 1/2	Manitowac 32 1/2	32 1/2	32 1/2	Manitowac 32 1/2	32 1/2	32 1/2	Manitowac 32 1/2	32 1/2	32 1/2
Noranda 32 1/2	32 1/2	32 1/2	Noranda 32 1/2	32 1/2	32 1/2	Noranda 32 1/2	32 1/2	32 1/2	Noranda 32 1/2	32 1/2	32 1/2
Papier 32 1/2	32 1/2	32 1/2	Papier 32 1/2	32 1/2	32 1/2	Papier 32 1/2	32 1/2	32 1/2	Papier 32 1/2	32 1/2	32 1/2
Shawmut 32 1/2	32 1/2	32 1/2	Shawmut 32 1/2	32 1/2	32 1/2	Shawmut 32 1/2	32 1/2	32 1/2	Shawmut 32 1/2	32 1/2	32 1/2
St. Lawrence 32 1/2	32 1/2	32 1/2	St. Lawrence 32 1/2	32 1/2	32 1/2	St. Lawrence 32 1/2	32 1/2	32 1/2	St. Lawrence 32 1/2	32 1/2	32 1/2
Union Pacific 32 1/2	32 1/2	32 1/2	Union Pacific 32 1/2	32 1/2	32 1/2	Union Pacific 32 1/2	32 1/2	32 1/2	Union Pacific 32 1/2	32 1/2	32 1/2
Western Union 32 1/2	32 1/2	32 1/2	Western Union 32 1/2	32 1/2	32 1/2	Western Union 32 1/2	32 1/2	32 1/2	Western Union 32 1/2	32 1/2	32 1/2
Index 32 1/2	32 1/2	32 1/2	Index 32 1/2	32 1/2	32 1/2	Index 32 1/2	32 1/2	32 1/2	Index 32 1/2	32 1/2	32 1/2

Indices

NEW YORK			Stock			Stock			Stock		
May 10	May 9	May 8	May 10	May 9	May 8	May 10	May 9	May 8	May 10	May 9	May 8
Indust. 32 1/2	32 1/2	32 1/2	Indust. 32 1/2	32 1/2	32 1/2	Indust. 32 1/2	32 1/2	32 1/2	Indust. 32 1/2	32 1/2	32 1/2
Chem. 32 1/2	32 1/2	32 1/2	Chem. 32 1/2	32 1/2	32 1/2	Chem. 32 1/2	32 1/2	32 1/2	Chem. 32 1/2	32 1/2	32 1/2
Auto 32 1/2	32 1/2	32 1/2	Auto 32 1/2	32 1/2	32 1/2	Auto 32 1/2	32 1/2	32 1/2	Auto 32 1/2	32 1/2	32 1/2
Steel 32 1/2	32 1/2	32 1/2	Steel 32 1/2	32 1/2	32 1/2	Steel 32 1/2	32 1/2	32 1/2	Steel 32 1/2	32 1/2	32 1/2
Oil 32 1/2	32 1/2	32 1/2	Oil 32 1/2	32 1/2	32 1/2	Oil 32 1/2	32 1/2	32 1/2	Oil 32 1/2	32 1/2	32 1/2
Food 32 1/2	32 1/2	32 1/2	Food 32 1/2	32 1/2	32 1/2	Food 32 1/2	32 1/2	32 1/2	Food 32 1/2	32 1/2	32 1/2
Textile 32 1/2	32 1/2	32 1/2	Textile 32 1/2	32 1/2	32 1/2	Textile 32 1/2	32 1/2	32 1/2	Textile 32 1/2	32 1/2	32 1/2
Pharm. 32 1/2	32 1/2	32 1/2	Pharm. 32 1/2	32 1/2	32 1/2	Pharm. 32 1/2	32 1/2	32 1/2	Pharm. 32 1/2	32 1/2	32 1/2
Tele. 32 1/2	32 1/2	32 1/2	Tele. 32 1/2	32 1/2	32 1/2	Tele. 32 1/2	32 1/2	32 1/2	Tele. 32 1/2	32 1/2	32 1/2
Transport 32 1/2	32 1/2	32 1/2	Transport 32 1/2	32 1/2	32 1/2	Transport 32 1/2	32 1/2	32 1/2	Transport 32 1/2	32 1/2	32 1/2
Utilities 32 1/2	32 1/2	32 1/2	Utilities 32 1/2	32 1/2	32 1/2	Utilities 32 1/2	32 1/2	32 1/2	Utilities 32 1/2	32 1/2	32 1/2
Real Estate 32 1/2	32 1/2	32 1/2	Real Estate 32 1/2	32 1/2	32 1/2	Real Estate 32 1/2	32 1/2	32 1/2	Real Estate 32 1/2	32 1/2	32 1/2
Government 32 1/2	32 1/2	32 1/2	Government 32 1/2	32 1/2	32 1/2	Government 32 1/2	32 1/2	32 1/2	Government 32 1/2	32 1/2	32 1/2
Foreign 32 1/2	32 1/2	32 1/2	Foreign 32 1/2	32 1/2	32 1/2	Foreign 32 1/2	32 1/2	32 1/2	Foreign 32 1/2	32 1/2	32 1/2
Commodities 32 1/2	32 1/2	32 1/2	Commodities 32 1/2	32 1/2	32 1/2	Commodities 32 1/2	32 1/2	32 1/2	Commodities 32 1/2	32 1/2	32 1/2
Options 32 1/2	32 1/2	32 1/2	Options 32 1/2	32 1/2	32 1/2	Options 32 1/2	32 1/2	32 1/2	Options 32 1/2	32 1/2	32 1/2
Index 32 1/2	32 1/2	32 1/2	Index 32 1/2	32 1/2	32 1/2	Index 32 1/2	32 1/2	32 1/2	Index 32 1/2	32 1/2	32 1/2

Indices

NEW YORK			Stock			Stock			Stock		
May 10	May 9	May 8	May 10	May 9	May 8	May 10	May 9	May 8	May 10	May 9	May 8
Indust. 32 1/2	32 1/2	32 1/2	Indust. 32 1/2	32 1/2	32 1/2	Indust. 32 1/2	32 1/2	32 1/2	Indust. 32 1/2	32 1/2	32 1/2
Chem. 32 1/2	32 1/2	32 1/2	Chem. 32 1/2	32 1/2	32 1/2	Chem. 32 1/2	32 1/2	32 1/2	Chem. 32 1/2	32 1/2	32 1/2
Auto 32 1/2	32 1/2	32 1/2	Auto 32 1/2	32 1/2	32 1/2	Auto 32 1/2	32 1/2	32 1/2	Auto 32 1/2	32 1/2	32 1/2
Steel 32 1/2	32 1/2	32 1/2	Steel 32 1/2	32 1/2	32 1/2	Steel 32 1/2	32 1/2	32 1/2	Steel 32 1/2	32 1/2	32 1/2
Oil 32 1/2	32 1/2	32 1/2	Oil 32 1/2	32 1/2	32 1/2	Oil 32 1/2	32 1/2	32 1/2	Oil 32 1/2	32 1/2	32 1/2
Food 32 1/2	32 1/2	32 1/2	Food 32 1/2	32 1/2	32 1/2	Food 32 1/2	32 1/2	32 1/2	Food 32 1/2	32 1/2	32 1/2
Textile 32 1/2	32 1/2	32 1/2	Textile 32 1/2	32 1/2	32 1/2	Textile 32 1/2	32 1/2	32 1/2	Textile 32 1/2	32 1/2	32 1/2
Pharm. 32 1/2	32 1/2	32 1/2	Pharm. 32 1/2	32 1/2	32 1/2	Pharm. 32 1/2	32 1/2	32 1/2	Pharm. 32 1/2	32 1/2	32 1/2
Tele. 32 1/2	32 1/2	32 1/2	Tele. 32 1/2	32 1/2	32 1/2	Tele. 32 1/2	32 1/2	32 1/2	Tele. 32 1/2	32 1/2	32 1/2
Transport 32 1/2	32 1/2	32 1/2	Transport 32 1/2	32 1/2	32 1/2	Transport 32 1/2	32 1/2	32 1/2	Transport 32 1/2	32 1/2	32 1/2
Utilities 32 1/2	32 1/2	32 1/2	Utilities 32 1/2	32 1/2	32 1/2	Utilities 32 1/2	32 1/2	32 1/2	Utilities 32 1/2	32 1/2	32 1/2
Real Estate 32 1/2	32 1/2	32 1/2	Real Estate 32 1/2	32 1/2	32 1/2	Real Estate 32 1/2	32 1/2	32 1/2	Real Estate 32 1/2	32 1/2	32 1/2
Government 32 1/2	32 1/2	32 1/2	Government 32 1/2	32 1/2	32 1/2	Government 32 1/2	32 1/2	32 1/2	Government 32 1/2	32 1/2	32 1/2
Foreign 32 1/2	32 1/2	32 1/2	Foreign 32 1/2	32 1/2	32 1/2	Foreign 32 1/2	32 1/2	32 1/2	Foreign 32 1/2	32 1/2	32 1/2
Commodities 32 1/2	32 1/2	32 1/2	Commodities 32 1/2	32 1/2	32 1/2	Commodities 32 1/2	32 1/2	32 1/2	Commodities 32 1/2	32 1/2	32 1/2
Options 32 1/2	32 1/2	32 1/2	Options 32 1/2	32 1/2	32 1/2	Options 32 1/2	32 1/2	32 1/2	Options 32 1/2	32 1/2	32 1/2
Index 32 1/2	32 1/2	32 1/2	Index 32 1/2	32 1/2	32 1/2	Index 32 1/2	32 1/2	32 1/2	Index 32 1/2	32 1/2	32 1/2

NOTES: Prices on this page are quoted as at the closing of the market on the day indicated. All prices are in U.S. dollars unless otherwise stated.



## JOBS COLUMN, APPOINTMENTS

## New model for recruiting urban spacemen

BY MICHAEL DIXON

"THERE'S one time when I still feel particularly tongue-tied," confessed a recruitment consultant not long ago. "It's when I've been asked to find a young executive for a company, and its top man bubbles with pride as he spells out the superb executive benefits his firm provides by way of health schemes and pensions and insurance. A good many company chiefs seem to set great store by such things, even though they may be no older than their 30s themselves."

"When that happens, the problem for me is how—without pricking the bubble too abruptly or seeming to imply that the chief is over the hill—to point out that benefits like that aren't exactly the first importance when it comes to attracting young people to go and work for them."

Fortunately, today the Jobs Column can refer that tongue-tied consultant to a counterpart who by all appearances has found the solution. He is David Halstead of Accountancy Placements. (His address is 8 Cavendish Place, London, W1M 8DJ; telephone 01-636 6936, telex 5954058; and since he may not name his client he promises, like the other recruiters to be mentioned later, that any applicant who so requests will not be identified to the employer without permission is given).

Mr. Halstead telephoned the column this week with an urgent order for a chartered accountant who qualified two or three years ago, to join an extending accountancy practice based in the West End of London as personal assistant to one of the audit partners. The main task is to supply detailed "i-dotting and t-crossing" support so as to enable the partner to continue meeting his work-schedule without going whatever is the accountants' equivalent of the normal person's bananas.

The reason both for the opening and for its appearance on the open market is that internal promotion possibilities have been diminished by the firm's rapid growth, self-generated and by acquisition, to the point of having half a dozen branches around the country. Like the partner, the personal assistant will do much travelling. Some one with potential to earn an early partnership would be preferred.

Now, the difficulty of finding such a recruit was illustrated here three weeks ago by the young, London-based chartered accountant who was not only receiving an £11,500 salary at the age of 23, but also stated convincingly that he was far from unusual among his kind. As I noted at the time: if the modern definition of a high-flyer is someone with a salary of £12,000 at the age of 30, then evidently a fair number of

young chartered accountants in London are veritable urban spacemen.

As such, they are averse to being talked down for a salary of only £10,750. This is evidently as much as David Halstead's client feels it proper to pay in addition to worthy benefits by way of health and pension schemes which, of course, constitute something less than a siren's song to the sort of thrusting young person required. But Mr. Halstead seems to have solved the tongue-tied consultant's problem by persuading his client to brighten up the perks with the offer of a car.

I cannot be sure whether that perk, which appears unusual among young qualified staff in the profession, will prove an effective lure. But since it will certainly do no good to the health of other readers whose blood was already boiling over—as one put it—"the inflationary pampering of whipper-snapper accountants," I will therapeutically refer them to today's next consultant.

## Down to earth

HE IS Geoffrey King, of Cambridge Recruitment Consultants, and he refuses to accept that employers need offer the moon to obtain a capable financial accountant. As it happens, he is currently seeking one aged

30 or a bit more, on behalf of an audio-electronics company. It has a turnover of about £4.5m and some 300 employees, and is based in East Anglia approximately one and a-half hours of travel from London.

Not long ago (and with the aid of this column) the founder of the company engaged a new managing director to establish professional management of the business in the wake of rapid growth. One conclusion drawn by the new MD is that while prospects for continued growth remain good, there are too many loose ends in the company's financial control. Hence its return to the market.

The main tasks of the job to be filled are twofold. The first is to diagnose what financial-control system is needed, to set it up, and to maintain it. The second task is to advise the MD, who has an electronics background, on financial issues affecting and likely to affect the business.

At the start the recruit will have half a dozen staff, but it is thought that the number may need to be increased fairly quickly to about 20.

Candidates, Mr. King thinks, need to be qualified accountants of at least five years' standing who have already managed a financial accounting operation in industry. They should be able to show that they know how an industrial business is put together financially, and to

anticipate the sort of rapid changes which such businesses are heir to.

His idea of starting salary is around £12,000, with a car among the benefits, which caused me to wonder aloud whether that was not too little to be noticed from the stratosphere. But Geoffrey King replied that he was sure that the urban spacemen did not have a monopoly on the supply of capable youngish financial accountants.

"If you look in industry, and aren't fixated on chartered types, then there are plenty of people with a lot of potential who are sitting pushing pens, feeling terribly bored, and being paid only about £8,500 a year," he said.

"So I'm sure the opportunity won't go begging, especially since success will mean a Board seat, when the company'll be talking real money."

Inquiries to Mr. King at 1a, Rose Crescent, Cambridge, CB2 3LL; telephone 0223 311516.

## On Board

DIRK DEGENHART, who holds the headhunters' record for the most telephone numbers wanted a sales and marketing director to join the Board of a company in southern England, which manufactures furniture for hotels, living, and dining-rooms. The newcomer will be respon-

sible to the managing director for four main tasks. The first is reviewing likely market developments and recommending accordingly how the company should develop its product range and selling tactics. The second is to set appropriate marketing and sales objectives, together with supporting budgets and plans for 1981 and beyond. The third task is to promote the company's forthcoming product developments to senior managers in furniture stockists. The fourth is to represent the company in the relevant industry committees and so on.

Candidates should have been demonstrably successful in the marketing and sales of some form of consumer-durable product, if not of furniture in particular. Experience of management at or near Board level is also desired. Another essential is numeracy and skill in the analytical side of marketing. The age range is wide, 35-50, but is nonetheless somewhat stretchable at either end.

Mr. Degenhart's salary indicator for the job is around £17,000, with a car among the copious other benefits.

Inquiries to him at Dirk Degenhart and Partners, 140, Sloane Street, London, SW1X 8AY; telephone (owing to restrictions on space, only a selection can be printed) 01-730 5608, 01-730 6341, and 01-995 4719.

General management  
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The Leicester Building Society is seeking a successor to the General Manager - Development, who is to be promoted to Chief Executive in 1981.

Responsibility will be, first, for the management of the Society's business through its regional and branch network; and secondly, for the planning and marketing activity required to support continued growth.

Applicants, male or female, must have a background of line operations, ideally gained in financial services, combined with a high level of marketing expertise. Fringe benefits are commensurate with the seniority of the post.

Resumes including a daytime telephone number to EHSimpson, Executive Selection Division, Ref. SF642

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## Tax Specialist

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The tax specialist will be concerned with the individual tax requirements of operating companies, creating revised control systems and procedures within the framework of group financial policy. The department will be the focal point for all non-corporate tax matters (including VAT), providing information services throughout the group and taking the lead in external discussions.

Extensive knowledge of PAYE and the CITD scheme, coupled with practical experience of systems development are the main criteria for the appointment. Evidence will also be required of an objective mind, administrative flair and the ability to explain technical matters in lay language.

Remuneration: around £14,000 plus car and other benefits.  
Location: London.

Please write in confidence to FJF Hall (Ref 208F).

Thomson McLintock Associates 70 Finsbury Pavement London EC2A 1SX

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Personnel

Our current expansion plans require additional seasoned explorationists and engineers to further our involvement in developing several existing North Sea interests, including the Brae Field, and take advantage of the opportunities offered in the forthcoming United Kingdom VII Round of licensing.

As a majority British owned independent company, an active and aggressive operating role is anticipated on behalf of a recently formed joint venture group. There are immediate openings for experienced geophysicists and geologists who can demonstrate how they can help us take a leading part in the development of Britain's resources.

People prepared to work with an ambitious, challenging and rewarding team and accept high levels of individual responsibility will be well compensated and offered appropriate incentives related to company performance.

It is proposed to change the name of Siebens Oil & Gas (UK) Ltd. to Sovereign Oil & Gas Ltd. to reflect the new direction that the Company intends to take and the acquisition of the original Siebens share of the Company by Dome Petroleum Ltd. of Canada.

Please write with full details of previous experience and performance for the attention of Mr. J.A. Taylor, Siebens Oil & Gas (UK) Ltd, 14 Waterloo Place, London SW1Y 4AR. Applications will be treated in strictest confidence.

**SIEBENS OIL & GAS (UK) LTD.**  
**SOVEREIGN OIL & GAS\***

\* A Proposal to change The Company's name to SOVEREIGN OIL & GAS LTD. has been put to shareholders

FOOD RETAILING ANALYST  
£12,000

A leading broker has a vacancy for a food retailing analyst who would have independent responsibility for the sector but have the support of a well established research department with expertise in food manufacturing and related areas. The successful candidate should have at least three years' experience in the industry or in the analysis of it. A good degree or professional qualification is essential.

The position carries excellent opportunities for advancement in a strong firm. Applications should be sent with a curriculum vitae to:

Box A.7160, Financial Times  
10 Cannon Street, EC4P 4BY

## RESEARCH ANALYST

required by firm of international oil economic consultants for a key position forecasting short term trends in worldwide oil and energy supply/demand.

The position involves the analysis of current developments in crude oil production, products consumption and energy use in the main areas of the world and the evaluation of potential short term developments in these trends. The work provides a fundamental part of the company's regular commitments to a wide range of clients and thus carries a high degree of responsibility. Applicants should be in their mid/late twenties with relevant experience in the oil/energy industry. Salary will be commensurate with age and experience. Write with C.V. to:

Mr. M. Lewis  
PETROLEUM ECONOMICS LTD.  
1-4 Regent Street, London W1V 2DS

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The successful candidate will be a member of an independent appraisal group whose function is to provide a protective and constructive service to management by measuring and evaluating the effectiveness of controls, the efficiency of operations and operating procedures.

**Qualifications:**  
The post is open for Arabs with a University Degree majoring in Accounting/Finance, preferably a member of a recognised body of professional Accountants, such as CPA, CA, or ACCA. Very good knowledge of English Language with ability to write clear and concise reports.

**Experience:**  
A minimum six years experience in Auditing and Accounting skills in analysing and evaluating audit and accounting problems. Experience in Oil Industry, EDP or External Audit is an asset.

**Accountant**  
Ref: A/79/5/R/94  
To carry out general accounting work. Candidate should have a degree in Accounting. A professional accounting qualification is desirable such as ACCA, ACMA or ACA.

**Experience:**  
5 years experience in accounting work using computerised systems, preferably in a large industrial organization.

In addition to the salary we offer excellent fringe benefits that include fully furnished accommodation at nominal rent educational assistance to minor children studying in the UAE or abroad, free medical care for family in the UAE and seven weeks paid annual leave with air passage to home country for staff and family.

Handwritten applications, quoting the above reference and giving full details should be submitted in ENGLISH together with copies of relevant certificates pertaining to qualifications and experience within 15 days separately to both the following addresses:-

- 1) Senior Personnel Officer (R)  
Abu Dhabi Marine Operating Co.  
Abu Dhabi, UAE.
- 2) The Department of Petroleum  
P.O. Box 9,  
Abu Dhabi, UAE.

CHIEF FINANCIAL ACCOUNTANT  
DESIGNATE  
LONDON SW1

A high-calibre qualified accountant of good personality is required to co-ordinate and control the accounting of a group of companies involved in crude oil, refined oil products, processing and transportation, operating in various European countries, in the United Kingdom and in the United States of America. After a satisfactory trial period he/she will be appointed Chief Financial Accountant directly responsible to the Finance Director.

An attractive salary will be offered to the successful applicant who will also be eligible for annual bonus, plus excellent free pension, life assurance and medical benefits.

Applications should be submitted in writing to:  
John Cairns - Tampimex Oil Limited  
13 Grosvenor Gardens, London SW1W 0BD

## COUNTY BANK

Merchant  
Banking

You are a chartered accountant or business graduate in your mid or late twenties, preferably with some experience of corporate lending and equity participations. You are confident in your own ability and seeking further rewards for your professional skills.

We are one of the leading merchant banks in the City providing both loan and equity finance, and skilled in putting together the sort of financial packages needed in the 80's. If you have intellect and enthusiasm, professional skill and initiative, there should be an opportunity for you to join one of our finance teams in a progressive, expanding environment. A competitive remuneration and benefits package is available — but only to the best candidate.

Please apply in confidence and with full details, including present salary to:-

Gordon Prosser, Company Secretary  
County Bank Limited  
11 Old Broad Street, London EC2N 1BB

A member of the National Westminster Bank Group

MIDDLE EAST  
DIRECTOR OF FINANCE  
— INTERNATIONAL —

Newly formed financial institution headquartered in the Middle East has opening for a Chief Financial Officer. Responsibilities include management and development of a multi-currency accounting system for the parent company and subsidiaries, budget preparation, and treasury management functions. Experience in credit evaluation and financial analysis would be advantageous though this is not a requirement.

Applicants should be qualified Accountants, in the age range 28-40. They should have at least five years' experience preferably with an international bank or other financial institution. Prospects for career advancement are excellent. Salary and fringe benefits considered to be very competitive. Please send in confidence brief personal background and career details to:

Box A.7155, Financial Times  
10, Cannon Street, EC4P 4BY

Small Brussels administration office  
for commodity and currency mutual funds  
needs

## OPERATIONS MANAGER

(ref. 33)

to run back office for 500 clients, supervise statements preparation, manage personnel, prepare balance sheets, control cost. Must be good organiser/efficient administrator with excellent English and good French. Salary US\$30,000-40,000.

## COMMODITY ORDER CLERK

(ref. 66)

to control and double-check daily orders, executions, positions, keep all records and book-keeping on orders and closed trades. English necessary. Salary U.S.\$15,000-20,000.

Both positions based in Brussels.

Send c.v. with salary history to:

DUNN & HARGITT RESEARCH S.A.  
Attn. Mr. Hargitt

6 Avenue Lloyd George, Brussels 1180, Belgium

CREDIT ANALYST/LOANS  
ADMINISTRATION OFFICER

Recently established Branch of Mexican Bank seeks Credit Analyst/Loans Administration Officer. Preferred aged 25/30 with at least three years' relevant experience.

Excellent prospects for the right candidate, who ideally should have working knowledge of Spanish.

Please write, enclosing c.v. to the

Deputy General Manager

MULTIBANCO COMEREX

Scottish Union House

25 Bucklersbury, London, EC4N 3DA

## New Senior Appointment

A dynamic Engineering Sales Executive with exceptional drive and energy is required to promote and obtain new projects. The successful applicant will be responsible to the Board of Directors of a leading International Design Organisation active in the fields of civil, structural, mechanical and electrical engineering serving heavy industrial clientele. The candidate who replies to this advertisement must be able to negotiate at the highest level major projects in excess of £5,000,000. Only applicants who consider themselves to be ambitious, confident, and tenacious and who can demonstrate outstanding previous achievements should apply for this key appointment. In return for these qualities, we are offering a high reward exceeding £30,000 per annum. Interested candidates should forward full details of their career to date initially to:

BOX A7157, FINANCIAL TIMES, 10 CANNON STREET, EC4P 4BY



## Marketing executives Stockbroking



Our client, a leading City firm of stockbrokers, is expanding its institutional activities and is seeking additional top calibre people to assist in this growth. The openings should be of interest to partners or senior executives with first class reputations in their specialist fields, particularly in the pharmaceutical and chemical sectors.

Terms are entirely flexible and will not be a limiting factor.

Resumes, in strictest confidence, to J.G. Cameron, Executive Selection Division, Ref. C243.

**Coopers  
& Lybrand  
associates**

Coopers & Lybrand Associates Limited  
management consultants

Shelley House, Noble Street  
London EC2V 7DX telephone 01-606 4040

## SENIOR & JUNIOR ACCOUNTS CLERKS

Required for busy Management Accounts Department at West End Head Office of International Bank.

Attractive salary and fringe benefits according to age and experience.

Telephone for application form to:  
Ruth Sefton,  
BANK LEUMI (U.K.) LTD.  
01-629 1205

CANDIDATE, qualified for at least 20 years, Age 28-35 required by publication, and distributing company in Hertfordshire. Experience in marketing oriented company preferable. Will be required to take full responsibility for systems, trading statements and preparation for audit. Attractive salary and conditions. Replies in confidence to Managing Director, Rodale Press Ltd., Berkhamstead, Herts.

## STOCKBROKING

1. OVERSEAS SETTLEMENTS CLERK to £6,500 + bonus
2. SENIOR CONTRACTS CLERK to £6,500 + bonus
3. SENIOR OVERSEAS DIVIDENDS to £6,250 + bonus
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5. BEARER SETTLEMENTS CLERK to £5,500 + bonus
6. VALUATIONS CLERK to £4,500 + bonus
7. JUNIOR CONTRACTS CLERK to £4,500 + bonus

For details on all the above vacancies please contact:

Lynn Blackley on 623 0101  
CAMBRIDGE APPOINTMENTS  
Recruitment Agency

## Exceptional Opportunity in Fund Management

A major, highly respected and progressive firm of Stockbrokers is reorganising the staff structure of its substantial and successful Fund Management area. They now wish to recruit a really top calibre executive, probably aged 35-45, with the potential to advance rapidly in this area.

This is an opportunity for a successful and ambitious Senior Fund Manager with a high quality educational background (ideally Oxbridge) who would welcome the chance to secure a leading position. Candidates must have first class experience, which includes the international market, and possess the drive, flair and will to succeed in managing and developing the department's further successful growth.

Our client is particularly enthusiastic to appoint the right person for this important senior position, envisaging excellent career scope in the short, medium and long term, including partnership prospects.

Salary, which is flexible and for negotiation, will be at a sufficiently attractive level to secure the person selected. Excellent benefits are also attached including non-contributory pension and car.

Please write, in the first instance, with brief but concise details of career to date, indicating any firms in which you are not interested, to: Mark Southwood, Southwood Geraghty Associates, 72 Rochester Row, London, SW1P 1JU.

Southwood Geraghty Associates  
72 Rochester Row, London SW1P 1JU

## FINANCIAL CONTROLLER

West End

£9500 + car

Reporting to the Managing Director, the Controller will take responsibility for the full accounting and finance function. Supervising a small staff, he or she will further develop systems and carry out a range of projects. A senior member of the management team, the Controller will be expected to play a key role in all general management decisions, and will have considerable opportunity to display creativity.

Marketing and selling professional audio visual equipment our client is a subsidiary of an international group. With a £3 million turnover, the company is poised for expansion through the introduction of a range of unique products. Aged 25-29, applicants should be qualified accountants from commerce or the profession. Please telephone or write to David Hogg FCA quoting reference 1/1980.

EMA Management Personnel Ltd.  
Burne House, 88/89 High Holborn, London, WC1V 6LR  
Telephone: 01-242 7773

## FINANCIAL ACCOUNTANT Recently Qualified

North Bucks

£9000

Responsible to the Financial Controller for a department of 8, the Accountant will gain broad industrial experience. An exciting programme of computerisation will add further challenge to the range of responsibilities which include financial management, cash control, budgeting and systems review. Extensive exposure to senior management will encourage a commercial perspective.

Designing and manufacturing high technology precision equipment, our client is an autonomous subsidiary of a major public group. With a turnover of £9 million, substantially exported, profits have entirely funded growth. Applicants (male or female) should be qualified accountants aged 25-30 from the profession or industry. Please telephone or write to Stephen Blaney B.Comm., FCA quoting reference 1/1980.

EMA Management Personnel Ltd.  
Burne House, 88/89 High Holborn, London, WC1V 6LR  
Telephone: 01-242 7773

## FINANCIAL CONTROLLER

Near Portsmouth

£9500 + attractive benefits

Responsible to the Board, the Controller will manage a staff of about 7 and administer the accounting function. Improvement of current reporting systems through the extension of computerisation is a priority, together with further development of the standard costing system. Project work leading to increased growth will provide an opportunity for overseas travel.

Our client, a self financed specialist manufacturing company in the leisure industry, has a highly successful record and exports the majority of its turnover of £7 million. Applicants (male or female) should be qualified, aged 26-30, and have industrial experience, preferably in a manufacturing environment. Please telephone or write to Stephen Blaney B.Comm., FCA quoting reference 1/1983.

EMA Management Personnel Ltd.  
Burne House, 88/89 High Holborn, London, WC1V 6LR  
Telephone: 01-242 7773

## MANAGEMENT INFORMATION CONTROLLER

Central London

£15K + car

Working closely with the top management of our rapidly expanding client, the Controller will co-ordinate the production of annual plans and forecasts, ensuring commercial realism. Developing management information and liaising with senior executives on its use, he or she will also be responsible for cash management and capital expenditure.

Part of a worldwide group, our service industry client has grown dramatically, both organically and through acquisition, in recent years. Applicants should be qualified accountants aged 30-35 with management reporting expertise in a commercial environment. Please telephone or write to Graham Webster FCA, MBA quoting ref 1/1986.

EMA Management Personnel Ltd.  
Burne House, 88/89 High Holborn, London, WC1V 6LR  
Telephone: 01-242 7773

## Divisional Controller

(m or f)  
Location: Brussels  
£25 - 30,000

We are a leading financial institution involved in world wide activities. The rapid growth of one of our major divisions provides an excellent career opportunity for qualified accountants and/or MBAs with at least two to three years' experience in financial management at the controller level in an industrial or commercial environment.

The controller will assume responsibility for the financial aspects of this division.

The job will encompass all aspects of financial reporting, including the development of management information, financial planning and cost control. The controller will be expected to make a significant contribution to the management of this division which, with turnover exceeding USD 100 billion, is an important area of the activities of this institution. Candidates who may be of any nationality, will probably be in their early to mid thirties with a strong business orientation and be self starters, able to quickly develop effective relationships. Knowledge of French would be an advantage but is not essential.

Write to Universal Media, chaussée de La Hulst 122, B-1050 Brussels, who will forward confidentially. Please mention reference 653 on the envelope.

## Solicitor Merchant Banking

J. Henry Schroder Wagg & Co. Limited require an additional Solicitor for the Group Secretary's Department. The person appointed will be involved in the full range of secretarial activities including statutory, legal, insurance, pension and property matters.

Experience of secretarial practice and company law is essential. The salary will be negotiable and the Company's standard conditions of employment include four weeks' annual holiday, a non-contributory pension scheme, a mortgage subsidy scheme and a family medical insurance scheme.

Applications in writing giving details of age, education, qualifications and experience should be addressed to:

Mr. John R. Lambert,  
J. Henry Schroder Wagg & Co. Limited,  
270 Cheapside,  
London, EC2N 6DS.

J. HENRY SCHRODER WAGG & CO. LIMITED

## LEASING OFFICER INTERNATIONAL

Major leasing organisation whose shareholders include substantial Middle Eastern financial institutions, requires an Executive with a minimum of 3-5 years' experience in marketing and structuring of secured lending or lease transactions. Knowledge of financing all types of capital equipment, including credit evaluation is essential. Some background or familiarity with the technicalities of operational leases an advantage though not a pre-requisite.

The successful candidate would be based in an attractive Middle East locale with responsibilities for market development throughout the area. As the company is a dynamic and rapidly expanding organisation, opportunities for advancement are excellent. Compensation includes an attractive tax-free salary plus bonus and generous benefits.

Please reply in confidence to: Box A.7154, Financial Times, 10, Cannon Street, EC4A 3BY.

## ASTLEY & PEARCE LIMITED require an experienced Eurodollar deposit broker

Applications to:

S. J. Rees  
ASTLEY & PEARCE LTD.  
80, Cannon Street, London EC4A 3LJ

## Senior Appointments

### MANAGER FINANCIAL ANALYSIS Heathrow £10,000

One of the top 500 U.K. manufacturing companies and part of an American group offers involvement in strategic long-range planning with responsibility for analysing results and carrying out special projects. Reporting to the U.K. Controller, the successful applicant will be a high-calibre, self-motivated graduate qualified accountant, preferably with a second modern European language. Usual large company benefits including annual bonus. Relocation expenses where appropriate will be paid. Ref. B844.

Apply in confidence to Ian Critchton or Mark Lockett.

ACCOUNTANCY PERSONNEL SENIOR APPOINTMENTS  
41 London Wall, London EC2M 5TB 01-588 5105

## Jonathan Wren · Banking Appointments



The personnel consultancy dealing exclusively with the banking profession

### FOREIGN EXCHANGE DEALER

The long-established London branch of a major overseas bank seeks a self-motivated dealer in his/her mid-to-late twenties to join its expanding dealing team. Applicants should possess at least three years' experience of active dealing in a major currency. Salary will be competitive together with usual fringe benefits.

Please telephone in confidence, or write enclosing a Curriculum Vitae to PETER LATHAM.

First floor entrance New Street  
170 Bishopsgate London EC2M 4LX 01-623 1266

## SENIOR F.X. DEALER to £12,000

A substantial European bank's London branch, developing as the bank's principal centre of Money Market activity, wishes to engage an additional experienced Foreign Exchange Dealer. Candidates, aged in their twenties, should have a minimum of three years' all-round Foreign Exchange/Deposit dealing experience, including Arbitrage.

Please telephone KEN ANDERSON, Director  
Jonathan Wren Banking Appointments  
FIRST FLOOR ENTRANCE NEW STREET  
170 BISHOPSGATE LONDON EC2M 4LX 01-623 1266



## Recently Qualified ACA

South Middlesex to £8,500+Car

With continuing growth and diversification a leading British group with a worldwide turnover in excess of £750m seeks to strengthen its small group accounting team by recruiting a young recently qualified accountant - preferably from one of the larger professional firms.

This is an excellent opportunity to develop your financial and commercial skills by assisting with all aspects of the head office financial function which includes board and statutory reporting and home and overseas financing.

You will gain an overall introduction to this progressive group and its well proven management succession policy will ensure that the experience thus gained is put to the best possible use in financial or general management.

Contact David Tod BSc, FCA on 01-405 3499  
quoting reference DT403/RQF

# Lloyd Management

Recruitment Consultants  
125 High Holborn London WC1V 6QA

01-405 3499

## Q S BANKING RECRUITMENT CONSULTANTS

Training Officer c. £9,000  
Auditor A.C.A. £9,500  
Deputy Operations Manager  
(£8-32) to £9,000  
FX and Deposits Dealer  
(£5-20) to £8,000  
Credit Analyst to £8,000  
Retail General Banker  
(£5-55) to £7,000  
Eurobond Settlements to £6,000  
FX Admin. to £6,000  
Apply Mike Pope  
01-236 0731  
30, Queen Street, EC4

## FOREIGN EXCHANGE

C.£5,500

Leading American Bank requires experienced personnel for their rapidly expanding back-up area. 2 years' experience. Age 20-25. Minimum 5 "O" levels.

Write:

Box A.7166, Financial Times,  
10 Cannon Street, EC4P 4BY

## Malaysian Accountants

Sarawak Shell Berhad and Sabah Shell Petroleum Company Limited develop extensive petroleum operations offshore and onshore the eastern states of Malaysia. They invite applications from Malaysian citizens for senior positions in the companies' finance function at the head office in Lutong, Miri, Sarawak. The responsibilities of finance administration cover financial and management accountancy, taxation, treasury and internal audit in a rapidly expanding operational environment.

Candidates appointed will be Malaysians between the ages of 25 and 35 years who are either diplomates in accountancy of the University of Malaya or members of a recognised accountancy body. They should have substantial post qualification accounting/auditing experience, preferably in a large organisation operating a computerised accounting system. Initiative and self motivation coupled with the ambition to develop within a large and expanding organisation are important for these positions.

An attractive initial salary commensurate with age, qualifications and experience is offered.

If you are intending to return to Malaysia this year and are interested in one of these appointments, please write giving full personal, educational and employment details to:

Mrs. P. W. Frise, (FT) PNEL/41,  
Shell International Petroleum Company Limited,  
Shell Centre, London, SE1 7NA. Telephone: 01-934 2493.

Candidates in Malaysia should write to:

The Personnel Planning Department,  
Sarawak Shell Berhad, Lutong, State of Sarawak.

In either case letters and envelopes should be marked "Confidential-Qualified Accountants" and posted to reach the appropriate office not later than Friday 13th June 1980.



## ECONOMIST

LONDON TO £10,000 p.a.

Our client is an American Shipping Company with a multi-million dollar turnover and is moving its headquarters from New York to London - Victoria. The company is now looking for an Economist to join its head office team.

Responsible to the manager - Strategic Planning, and as a key member of the Corporate Planning Department, the successful applicant will report on world-wide economy trends which affect the ocean transportation of petroleum derivatives, gas and other major bulk cargoes. The economist will also be expected to provide frequent briefs to top management on the state of the shipping markets, prepare

market forecasts and assist in formulating business strategy.

Candidates should ideally have had professional economic experience in energy (oil or gas), in shipping or in chemicals.

The position also offers a non-contributory pension scheme, free medical and life assurance cover, free lunches and other generous benefits.

To apply please write sending full details, ref. MD 20 to CRIPPS, SEARS & ASSOCIATES (Personnel Consultants), Burne House, 88/89 High Holborn, London WC1V 6LE. This position is open to both men and women.

Cripps, Sears

## Finance Director

The steady growth of this £6.5 million turnover British company calls for a chartered accountant who has succeeded in a manufacturing environment.

You will be joining a company leading the field in its particular high technology. Commercial breadth is sought, for you will need to make the accounting and management information functions more effective and also undertake a company secretarial role. As a large proportion of the output is exported and the company's "turnkey" business is expanding fast, experience in overseas contracts and finance is desirable. Goal orientated, team players, aged probably 35-40 will find this a first-class route into this successful group. Northern Home Counties. Excellent conditions and company car. Can you convince us that you merit £17,000?

Please write in confidence, giving full personal and career details, quoting reference 4224a/EF/FT to:

Robert Lee  
International  
24 Berkeley Square, London W1X 6AR

## Papua New Guinea Senior Audit Inspector (Banking and Financial)

Applications are invited for the above mentioned position with the Papua New Guinea's Auditor-General's Office.

The position is equivalent to that of Audit Manager in Charge of a Division responsible for the audit of the National Commercial Bank, the Development Bank, the Central Bank, an Investment House as well as other financial and commercial institutions.

### Necessary Qualifications:-

Candidates should have a sound background in accounting and auditing within financial institutions and also possess ACA or equivalent professional qualifications. The ability for high level financial analysis and management is also essential.

### The Rewards:-

Payable in Kina. The pound equivalent figures will fluctuate due to movement in exchange rates. The exchange rate on May 12th was K1.54=£1 Sterling.

\* A Papua New Guinea salary of K28,510 p.a.

### Plus

- \* 3 year contract (renewable in most cases).
- \* Gratuity of 24% p.a. of annual salary. Gratuity is taxed at a flat rate of 2%.
- \* Periodic cost of living adjustments.
- \* Virtually free married or single accommodation.
- \* Airfares to and from P.N.G. at commencement and expiry of contract.
- \* 6 weeks annual leave with return fares to U.K. during the 2nd year of contract (including accompanying dependents).
- \* Free primary schooling. Free Secondary Schooling (Port Moresby and Lae only).
- \* Generous education subsidies (fees and fares for dependent children attending school overseas).

Please write or telephone, quoting reference V15/PM-AUD/30, for application forms (to be completed in duplicate) and further details to:-

The Recruitment Attaché, The Papua New Guinea High Commission, 14 Waterloo Place, LONDON SW1R 4AR. Telephone 01-930 0922

Papua New Guinea



## FINANCIAL PUBLICATION SECRETARY/P.A. £7,500

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## Leading English Public School BURSAR

A SCHOOL with a turnover approaching £2M p.a. demands skilled management of its business affairs, its estate and associated enterprises. The task calls for a professional with managerial experience.

QUALIFICATION in Accountancy, Surveying, Architecture, Business Administration, the Law, or Company Secretaryship would be relevant. Academic and cultural attainments will be valued.

THE GOVERNORS, to whose Council the Bursar is Secretary, regard the job as worth between £12,000 and £15,000 p.a. including the value of emoluments of free housing and other material benefits; assistance with children's education also available.

The post is open to men and women. Those interested should write in confidence to the Consultant advising the Governors. Nothing will be disclosed without permission.

M.J. Graham-Jones  
The Executive Partnership Ltd.  
177 Vauxhall Bridge Road  
London SW1V 1ER

## Traded Options Dealer

A leading Stock Exchange firm wishing to expand its operations in Traded Options, has a vacancy for an ambitious capable dealer aged between 23 and 30. Previous experience in the field of options is not essential, but the post demands a high degree of intelligence and initiative.

An attractive salary will be negotiated in accordance with dealing experience. Other benefits include bonus and superannuation scheme.

Reply in confidence to:

John Finnigan,  
Spicer and Pegler  
Management Consultants,  
St. Mary Axe House,  
56-60 St. Mary Axe,  
London EC3A 8BJ.



## Scrimgeour, Kemp-Gee & Co

Members of The Stock Exchange  
are seeking an

OIL ANALYST



The partner concerned with oils is looking for someone who will work mainly on North Sea stocks. Around two years' experience of investment analysis, at least partly in oils, and/or work in the oil industry is desirable. Fully competitive remuneration is offered.

Please write, in confidence, to

Arthur Hepher, Scrimgeour, Kemp-Gee & Co.  
20, Copthall Avenue, London EC2R 7JS

## TREASURY ASSISTANT

London

c.£8,000

Our client, a leading international engineering contractor with multi million pound contracts in the Middle East and Indian Sub-continent require a Treasury Assistant.

Ideally, applicants aged 25-35 should have experience of medium and long term contract financing, methods of bonding and terms of payment. They should also be familiar with cash management and investment as well as credit insurance, and have a suitable financial or commercial background gained in one of the City Institutions or in the Contracting Industry.

This career position offers an excellent salary and benefits package.

Apply in strict confidence quoting ref FT/503 to: Brian Withers

GERRARDS

Gerrard Recruitment Service,  
10 Argyll Street, London, W.1. Tel: 01-437 6816.

## A UNIQUE OPPORTUNITY IN THE CITY FOR A YOUNG EXECUTIVE

As part of their succession planning, a city financial house pre-eminent in every aspect of the investment and securities industry, is looking for a man or woman of outstanding calibre to join their senior executive team, where there is now a need to fill a role of exceptional and unusual interest. The job will call for the highest levels of advocacy, maturity and professionalism.

Relevant experience is less important than personality and general intellectual ability, but candidates are most likely to come from a background of merchant banking, stock broking or investment management. A degree, MBA or accountancy qualification would be desirable - preferred age would be 28-32. The ability to join a well developed and highly compatible team is essential.

The financial rewards are outstandingly attractive. Candidates are unlikely to be earning less than £15,000 in their present position.

Letters of application accompanied by CV, quoting reference S52/FT will be forwarded unopened to the management consultants advising on this appointment.

JWT Recruitment Ltd  
Executive Recruitment & Selection  
40 Berkeley Square London W1X 6AD 01-629 9496

## Recently Qualified

Belgravia S.W.1. around £9000

Our client is a merchant bank and a subsidiary of a quoted public company. As a result of their continuing growth, the present Financial Accountant has been promoted within the Group. His successor will work closely with the Group Chief Accountant, initially in the areas of financial accounting, systems implementation and taxation, but could subsequently become involved in various aspects of corporate finance within the Group. This is an ideal opportunity for a young, recently qualified Chartered Accountant (male/female) to join an organisation offering a variety of interesting work and good career prospects. Ref. 1157/FT. Apply to R. P. CARPENTER, FCA, FCMA, ACIS, 3 De Walden Court, 85 New Cavendish Street, London W1M 7RA. Tel. 01-636 0761.

Phillips & Carpenter  
Selection Consultants



## Ambitious Management Accountant

(ACMA/ACCA, CONTROLLER DESIGNATE)

**to £12,500**

ENFIELD, MIDDLESEX

Our client, a highly successful and progressive international company, now wishes to appoint an Accountant (aged 25+) with the necessary drive to assume an early Controllership as part of the overall development plan. As understudy to the Financial Controller the selected candidate's field of responsibility and involvement will cover short & long term planning, capital expenditure appraisals, contracts & negotiations, the development of computer systems and special projects work.

Heading a small team the more regular duties include costing, budgets & forecasts and the production of annual & monthly accounts.

The strength of personality to influence both inside and outside the organisation are essential requirements of the role.

Interested candidates should apply in confidence to:-

*Sheldrick, Sedgwick & Goddard*

93-94 Chancery Lane, London WC2A 8JL 01-404 0612

Senior accountancy & financial management selection

## U.S. STOCKBROKER

Specialising in  
**FINANCIAL INDUSTRIES**

Young graduate, preferably with some financial experience or qualifications and interest in U.S. markets to assist firm's international marketing team. He/she will be required to qualify for NYSE registration. Opportunity to use languages (French/German).

Outstanding opportunity for ambitious young person to join the leading firm in this area. Salary range £5,000 - £7,500 depending on age, experience.

Apply:

MISS J. OAK  
FOX-PITT, KELTON INC.  
2 Wilson Street, London EC2

This advertisement is featured on page 599013 of Prestel

## Chief Accountant

c.£14,000

City

For a well established, profitable and continually growing insurance company, with wide international interests. The appointee will have full responsibility for the accounting function, and its significant staff. Candidates, probably 30-45, must be chartered or certified accountants. Management is a key part of the role, and personal qualities are as important as technical competence. Ideally applicants will have good commercial

experience, tax knowledge, and EDP background, and some company secretarial ability. Previous insurance experience while not essential would be an asset. Apart from a realistic salary, the benefits include an annual bonus, first class pension scheme and medical insurance. For an application form telephone 01-248 6113, or write to E.M. Nell, Executive Selection Division, quoting reference 2070/L.



Peat, Marwick, Mitchell & Co.

Executive Selection Division, 165 Queen Victoria Street, Blackfriars, London, EC4V 3PD.

## INTERNATIONAL AUDIT MANAGEMENT

mid/late 20's

West London Based c. £12,000 + Car + Bonus

A major U.S. based corporation with substantial international interests, our client is engaged in the development, manufacture and marketing of sophisticated, high quality information systems, products and services.

Following internal promotion, the company wishes to appoint an International Auditor who will report to the Corporate H.Q. in Chicago. He/she will be responsible for developing and fulfilling (with the assistance of a small team) a programme of operational and financial audits at the Group's European locations together with a variety of special investigations.

Candidates will be qualified accountants with at least two years post-qualifying experience either of internal audit in a commercial/industrial environment, OR in a major practising firm. They must be highly motivated self starters with the ability to operate effectively in a demanding and fast-moving multi-national company. The ability to relate effectively to financial and non-financial management at all levels is essential. Prospects are excellent and success in this appointment should lead to promotion in either Europe or the U.S.

For further information and a personal history form please contact Liam E. Fitzpatrick, A.C.M.A., A10 Strand, London, WC2R 0NS, telephone 01-836 9501 quoting reference 2883.

**DOUGLAS LLAMBIAS**

Douglas Llambras Associates Ltd.  
Accountancy and Management Recruitment Consultants



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AGED 25-30

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aspects of finance and promote the Foundation's work to government and industry. He or she should be a graduate and preferably aged 40-45. The Governors wish to attract someone who has already made his or her mark in senior general management and preferably with an industrial background. Applicants will already be sufficiently interested in voluntary and welfare work to be prepared to accept some personal sacrifice in earnings and forsake their future career prospects for the satisfaction of being able to help with the many problems facing disabled people.

Salary will be £16,000 p.a. with contributory pension, car and assistance with housing in the Leatherhead area. Candidates should be married and have their family's support in total commitment to the work of the Foundation.

Please write to H. C. Holmes at Bull, Holmes (Management) Limited, 45 Albemarle Street, London W1X 3PE, who are related to advise the Foundation.

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Ref: D6021/FT

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Working environment, salary and fringe benefits are unusually attractive.

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The General Manager, ITIB Services Limited  
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### BUSINESS DEVELOPMENT EXECUTIVE

We are the London branch of an expanding U.S. regional bank seeking a business development executive to work primarily in the U.K. Duties may also include assisting with the bank's corporate lending activities on the Continent. Suitable applicants will probably be graduates, aged mid-twenties to early-thirties, with formal credit analysis training and at least two years' experience as a loan officer. Proficiency in German will be an added advantage. Remuneration package will be fully commensurate with qualifications and experience.

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enclosing a Curriculum Vitae



# COMMODITIES AND AGRICULTURE

## Traders cautious on sugar

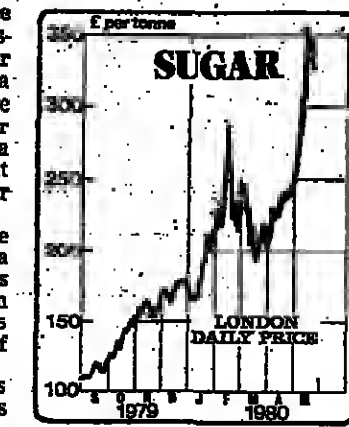
BY OUR COMMODITIES EDITOR

NO EXPORTS of sugar were authorised by the EEC Commission at its weekly selling tender yesterday. Traders took a cautious line in view of the volatility in the world sugar market, with prices suffering a sharp setback after the recent upsurge to the highest level for over five years.

The London daily sugar price was cut by £10 to £225 a tonne yesterday. On the futures market the August position closed £8.60 lower at £341.45 a tonne, after reaching a high of £351.20.

Also discouraging traders from bidding for EEC exports was the decision of the Commission to impose export taxes for the second week in succession. It set a minimum export tax of £1.60 European currency units per 100 kilos on white (refined) sugar and 7.12 units on raw sugar.

However it was pointed out that the EEC surplus stock of sugar has been reduced to below 400,000 tonnes by the large sales contracted recently by enterprising traders taking advantage of the fixed export tax which was at a much lower rate than the weekly rate. Indeed a large quantity involved



## Rainfall effect short-lived on grain prices and crops

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE RECENT rain caused an instant depression in grain prices but this is likely to be short-lived, as the rainfall was apparently very scattered, with up to an inch in some areas but only a sprinkling elsewhere, particularly in the south.

The effect of this on crops would be marginal except in those places where there was a heavy storm. Autumn-sown crops would benefit most from almost any moisture while some of the spring sown crops would need a great deal more to stage a good recovery.

Now that the anti-cyclone is returning, the weather prospects over the weekend look like benefiting the holiday-makers rather than the farmers.

The barley trade had been doing better recently, because the drought had been cutting grass supplies. Compounders would be expecting to sell feeds

## State role in U.S. futures trade urged

By David Lascelles in New York

MR. PAUL VOLCKER, chairman of the Federal Reserve Board, said yesterday that he thinks the Government should play a bigger role in setting margins for futures trading in the U.S.

His testimony to a House agricultural sub-committee follows the recent turmoil in the silver market and the much-publicised margin problems of the Hunt Oil family.

Mr. Volcker did not make any specific recommendations, but he said that some form of direct Government participation in margin setting could help remedy what he described as the current "laxity" in margin practices.

At the moment, margins are set by the exchanges who jealously guard their self-regulating rights. However, there is a strong feeling in Washington that the exchanges could have prevented the silver crisis by acting more decisively on margins. Legislation is already being drafted in Congress to bring margins under federal control.

However, the exchanges are expected to oppose bitterly any government involvement in margins.

Deputy Treasury Secretary Robert Carrowell said the Carter Administration is concerned that recent speculation in commodities and commodity futures has fuelled inflation and inflationary expectations, reports Reuters.

Testimony by the Hunt Brothers before a House Agriculture sub-committee has been put off to June 22.

The Hunt brothers had been scheduled to appear this Thursday to discuss their dealings in the silver futures market.

## Market gloom as cocoa prices slip

BY JOHN EDWARDS, COMMODITIES EDITOR

COCOA PRICES fell to a four-year low on the London futures market yesterday, in spite of a brief rally in the afternoon. The May and July positions dropped below £1,000 for the first time and at the close the July position was £14.50 down at 1,099.50 a tonne.

Dealers said the outlook remained gloomy for producers, who were reported to be selling again. Demand is at a low ebb and is thought unlikely to pick up in view of the worsening economic situation in the West and the cost of carrying stocks.

The absence of a clear statement of intent from the Cocoa Producers' Alliance indicated that producing countries were still unable to agree amongst themselves dealers said.

Producers have reportedly agreed that some form of price support mechanism is necessary, and may well support the Brazilian proposal of a buffer stock operation similar to the Exporters' Fund for coffee. But it is thought unlikely that this will work for cocoa because producers have large amounts of

## BANANAS Growers and importers work together

BY BRIJ KHINDARIA IN GENEVA

SIGNIFICANT and long-lasting co-operation is emerging for the first time between banana producing and consuming countries although developments so far fall short of a binding price stabilisation agreement being sought by exporters.

Banana consumers and producers agreed at talks here that a far-reaching programme of research and development should be prepared and separate studies should be made concerning other areas of possible international action.

The 41-country meeting at the United Nations Conference on Trade and Development (UNCTAD) last month adopted a plan that could lead to joint actions in market promotion, and measures to increase consumption and to cut production costs.

World trade in bananas is characterised by excess production, downward pressure on prices and stagnation in the real incomes of producers. The near balance between supply and demand for bananas which occurred during the mid-1970s was upset during the second half of 1978 when excess supplies and exports began to push down banana prices.

Supplies continued abundant into the last quarter of 1979, but large increases in imports by the U.S., Japan and West Germany helped to absorb some of the excess.

Prices held firm in the U.S. and Japan but fell slightly in West Germany. Hurricane David caused heavy damage to banana

## Beetle 'plague' fear

BY RICHARD MOONEY

THE COLORADO beetle outbreak in Britain over the past week dramatically illustrates the Government's "sheer stupidity" in agreeing to new Common Market plant import regulations, Mr. Christopher Harrison, chairman of the National Farmers' Union's potato committee, said yesterday.

The new regulations, which came into force on May 1, put the onus of inspection on the exporting country and forced Britain to allow Continental potatoes into the country earlier in the season.

This week's batch of beetles, which grew to 55 with the discovery of them yesterday, nearly all came from a consignment of Italian pre-packed spinach and would probably have escaped detection under the old system. But their arrival proves that the methods enforced by the EEC are not foolproof.

## U.S. futures ban goes to appeal

RANQUE Populaire Suisse has appealed to the U.S. Commodity Futures Trading Commission against an order prohibiting it from trading on U.S. commodity futures exchanges.

The bank will be able to continue trading in the U.S., until the four-member commission makes a decision.

The commission says the bank held or controlled long positions in the December 1979 and March 1980 silver futures on the London Metal Exchange in New York which exceeded reportable levels.

## Minister praises milk standards

BY OUR COMMODITIES STAFF

MR. PETER WALKER, Britain's Agriculture Minister, told a House of Commons committee yesterday that the country's health and hygiene regulations on milk were not just a "ploy" to keep out Continental imports.

"The regulations are genuinely important," he said, "it is very important to maintain health standards for milk, which is distributed and consumed so widely in this country."

The Minister accepted that ultra-pasteurisation (UHT) - the sterilisation system used in the rest of the EEC - was effective against dangerous germs, but he was not convinced that treatment of milk was controlled as effectively on the Continent as in Britain.

"We are not there to see that the job is done properly," he told the Commons Agriculture Committee.

"We have experience of UHT milk which has come into Britain watered down and some contained other elements that I won't describe to the committee before lunch," Mr. Walker said.

He said Britain would accept a Community regulation on the same line as Britain's and added that he was confident when other countries adopted the same high standards they would not be able to undercut British prices. "We might even find ourselves with export opportunities for liquid milk," he said.

## BRITISH COMMODITY MARKETS

BASE METALS			
COPPER	Barley changed on balance on the London Metal Exchange. Forward metal opened at £307 and dipped to £305 on the morning news following the sharp rise in gold prices. The dollar, which moved ahead, taking London up to £312 of an ounce. However, prices failed to sustain this level and forward metal fell away to close the day at £304. Turnover: 77,500 tonnes.		
ZINC	Forward metal opened at £217 and edged up to £219 before closing at £217. Turnover: 3,450 tonnes.		
LEAD	Forward metal opened at £217 and edged up to £219 before closing at £217. Turnover: 3,450 tonnes.		
ALUMINIUM	Forward metal opened at £217 and edged up to £219 before closing at £217. Turnover: 3,450 tonnes.		
WIREBARS	Forward metal opened at £217 and edged up to £219 before closing at £217. Turnover: 3,450 tonnes.		
COBALT	Forward metal opened at £217 and edged up to £219 before closing at £217. Turnover: 3,450 tonnes.		
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## PRICE CHANGES

PRECIOUS METALS			
Gold	Forward metal opened at £217 and edged up to £219 before closing at £217. Turnover: 3,450 tonnes.		
SILVER	Forward metal opened at £217 and edged up to £219 before closing at £217. Turnover: 3,450 tonnes.		
PALLADIUM	Forward metal opened at £217 and edged up to £219 before closing at £217. Turnover: 3,450 tonnes.		
RHODIUM	Forward metal opened at £217 and edged up to £219 before closing at £217. Turnover: 3,450 tonnes.		
PLATINUM	Forward metal opened at £217 and edged up to £219 before closing at £217. Turnover: 3,450 tonnes.		
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## AMERICAN MARKETS

PRECIOUS METALS			
Gold	Forward metal opened at £217 and edged up to £219 before closing at £217. Turnover: 3,450 tonnes.		
SILVER	Forward metal opened at £217 and edged up to £219 before closing at £217. Turnover: 3,450 tonnes.		
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## A FINANCIAL TIMES SURVEY

### INVESTING IN COMMODITIES

#### JUNE 25 1980

The Financial Times proposes to publish a Survey on Investing in Commodities. The main headings of the provisional synopsis are set out below:

- INTRODUCTION
- COMMODITY FUNDS
- OPTIONS
- FORECASTING
- COMMODITY MERCHANTS
- REVIEW
- U.S. FUTURES MARKETS

For further information please contact:

Simon Hicks  
Financial Times  
Bracken House, 10 Cannon Street  
London EC4A 3DF  
Tel: 01-248 5115 or 01-248 8000, Ext. 211

### FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

## SILVER

Silver was fixed 0.5p an ounce lower for spot delivery on the London bullion market yesterday at £15.75. U.S. equivalents of the fixing levels were: spot £12.01, 10c three-month \$12.27, down 1.5c, six-month \$12.57, down 0.4c and 12-month \$13.27, down 0.5c. The near-term spread was 25.0-25.5 (21.75-22.10) and closed at 25.0-25.5 (21.70-22.10).

Physical closing prices (bought) were: spot: 58.50p (same); June 60.50p (50.75p); July 61.00p (61.50p).

### COFFEE

Robusta coffee marginally lower, prompted by weakness in New York and currency considerations, reports David Harrison, London. There were no trade fundamentals factors or physical news and the market consolidated in a narrow range for most

## INDICES

butter (lb) 85¢, Fed 80p  
 Sugar (c) 64¢ 1/2 85p 50  
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# FT UNIT TRUST INFORMATION SERVICE

**AUTHORISED  
UNIT  
TRUSTS**

[illegible]

Discretionary Unit Fund Manag		
22 Blenheim St, EC2M 7AL		0
Disc. Inc. May 9	[200.6	213.9
E. F. Winchester Fund Mngt.		
44, Blenheim Square, WC1A 2RA		0
Great Winchester	[17.0	18.7
Gr. Winchester Overseas	[21.0	23.2
Gimson & Dudley Tst. Mngmnt		
250 Albemarle St, W1		0

[illegible]

1-638 4485	<b>Manulife Management Ltd.</b>
1-582	St. George's Way, Stewenage,
Ltd.	Growth Units ..... 67.7
1-623 8893	<b>Mayflower Management Co.</b>
1-789	14-16, Gresham St., EC2V 7AU.
1-475	Income May 19 ..... 102.9
Ltd.	General May 19 ..... 68.7
1-493 3211	Inst. May 19 ..... 46.8

[illegible]

0438 56101	Stewart Unit Tst. Mac
1.31	45, Charlotte Sq., Edinburgh
	15 Stewart American, Food
	Standard Units
	Account Units
	Withdrawal Units
	Stewart British Capital Fm
	Standard
	Account Units
	Dealing times, &

[illegible]

<b>Wagers Ltd.(a)</b>	<b>City of Westminster</b>
031-226 3271	Rivewood House, 6, V Croydon CR9 2JA.
63.57 — 2.28	West Prep. Fund — 18
69.3 — 2.28	Managed Fund — 2
44.71 — —	Equity Fund — 6
	Farmland Fund — 9
163.57 -0.4 6.57	Money Fund — 1
189.0 -0.5 6.87	Gift Fund — 7
Fr. - Wed.	

[illegible]

Series (2)	(1) Bid
5.0	90.4
4.9	212.6
4.7	64.4
4.6	96.6
4.5	149.4
4.3	79.8

[illegible]

and Prop. Fd. Mgrs. Ltd.  
SL, ECAN 4TP. 01-248 9678  
[107.1 112.0] ---  
i sub. day May 1

of Pennsylvania  
en, Kent. Medway 812948  
[10.10 10.61]

Schroder  
Enterprise H  
Equity  
Fixed Int.  
Managed  
Money  
Overseas  
Property  
CCM Vangua  
K & S Gnd. S

[illegible]

Life Group	House, Portsmouth	0705 27733	Barbican
187.7	187.7	+0	P.O. Box
183.5	183.5	---	Barb. N.
164.8	164.8	---	Barbican
122.5	122.5	---	1, Char
78.9	78.9	---	Overseas
195.7	195.7	---	Unidiff
99.5	99.5	---	Unidiff
130.7	130.7	---	1, The

[illegible]

can Managers (Jersey) Ltd.  
Box 63, St. Helier, Jersey 0534 74806  
St. Fund .....\$0.9 97.2 ..... 6.00  
ays Unicorn International  
Box Cross, St. Helier, Jersey. 0534 73741  
Income .....42.8 49.1 13.95  
Trust .....\$12.17 12.79 +0.35 3.00  
Trust .....\$391.36 92.79 70.80  
St. Disrupts. Isle d'Aloup 0624 4856

[illegible]

**NOTES**  
 \* Prices are in pence unless otherwise indicated.  
 † Yields % (shown in last column) allow for all budget  
 expenses. ‡ Offered prices include all expenses.  
 § Today's prices. ¶ Yield based on offer price.  
 \*\* Estimated. †† Today's opening price.  
 ‡‡ Distribution free of UK tax. § Periodic  
 provision insurance plan. § Single premium  
 insurance. ¶ Offered price includes all expenses.  
 ††† agent's commission. †††† Offered price includes  
 all expenses if bought through managers. ‡ Provision  
 of today's price. ¶ Net of tax on realised capital gains  
 unless indicated by †. ¶ Gateway gross.  
 § Suspended. ¶ Yield before Jersey tax.  
 † Crystallisation. †† Only available to charitable  
 bodies.

[illegible]

0.66	Spec. Ex. May 7	32.1	33.4
0.76			
0.86			
0.96			
1.06			
1.16			
1.26			
1.36			
1.46			
1.56			
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2.16			
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12.96			
13.06			
13.16			
13.			

Stephenson Hse., Bristol Cent	
Milton Keynes	
Charles Energy	52.5
Morria Sub. Soc.	
Magna Managed	157.1
<b>Chieftain Assurance Fom</b>	
11 New Street, EC2M 4TP.	
Managed Growth	130.0
Managed Income	130.0
International (2)	130.2
High Income	130.2
Income & Growth	131.24
Broad Resources	149.04
American Crd.	96.89
Far Eastern (2)	96.89
Cash	710.38

[illegible]

3	113.9	-0.4	Royal Insurance
4	121.5	-0.3	New Hall Place, Lives
4	146.3	-0.2	Royal Shield Fd.
5	158.4	-0.2	
5	124.3	-0.2	
5	128.1	+0.1	
5	128.1		
5	220.4		
5	228.9		
5	167.4		
5	167.7		
5	167.7		
5	164.4		
5	156.6		
5	125.9		
5	125.7		

Save & Prosper	
4, G.L.S. Helston, Lond	
Est. Inv. Fd.	
Property Fd.*	
Gilt Fd.	
Deposit Fd.*	
Comp. Pers. Fd.*	
Equip. Pers. Fd.	
Prop. Pers. Fd.*	
Gilt Pers. Fd.	
Depos. Pers. Fd.*	

\*Priced monthly

Group	051-227-4422	Arbitrust Mt.
1277.8	187.2	P.O. Box 284, Gov't Secs. Tr.
Group		East & Mt. Tr.
ECSP SEP.	01-554 8899	Arbitrust Mt.
167.1	155.7	+
199.7	205.8	-
133.4	141.2	-
182.7	151.1	-
256.0	278.9	-
227.7	201.0	-
130.2	352.7	+0.2
130.2	130.2	-
233.5	190.7	-
on May 21		
Early Dividend		
		Bank of Am.
		35 Boulevard
		Whitman Inco
		Prices at
		Banque Br
		2, Rue de la
		Renta Fond

Securities (C.I.) Limited				
2 Heller, Jersey	0594 76677			
1981	84.64	-0.5	15.88	
May 29	116.0	—		
1982	116.0	—	3.23	
May 29	116.2	—		
1983	116.2	+0.3	—	
at dealing day May 29				
erica International S.A.				
Royal, Luxembourg B.D.				
1981	110.85	110.85	8.35	
May 8, New York day May 14				
rambles Lambert				
Reserve 8 1000 Brussels				
1985/86	61.9	0.04		

Joseph & Sons (Emergency)			
St. Peter Port, Guernsey	0481-25648		
ing Fund	\$11.44	11.45	---
ee Management, Jersey Ltd.			
Cross, St. Helier, Jersey	0534 73741		
and	132.9	137.0	---
	52.7	54.4	1253
	11.05	1.069	---
Ullmann Ltd.			
Street, EC2V 8JE			
	157.99	148.89	2.40
	157.99	175.70	40.75
Assets	156.99	167.00	10.01

Continued on previous page











Thursday May 22 1980

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## Civilians fight South Korean army

Our Foreign Staff reports on the disturbances which have shaken South Korea for the last four days

THOUSANDS of armed civilians battled against the South Korean military yesterday in the southern provincial capital of Kwangju.

For four days there has been a general uprising in the city. Residents said at least 50 people died in yesterday's clashes as beleaguered special forces paratroopers tried to fight their way out of their provincial headquarters.

The demonstrators demanded that elections be held and political prisoners released.

The declaration of martial law on Saturday prompted the uprising on the city's university campus. A brutal military backlash brought thousands of protesting civilians on the streets.

People from the countryside in the surrounding province of Cholla then flocked into the city, swelling the civilian "army" to 200,000. Miners armed with explosives joined the demonstrators, while others raided

armouries, commandeered army vehicles and seized new armoured personnel carriers.

Demonstrators were said to have looted liquor stores and distributed free milk and groceries. Well-organised militia, said to be armed with automatic rifles and carbines, stopped vehicles entering the city to check identity papers.

At one point, armed civilians guarding barricades at the city centre exchanged fire with armed helicopters which flew overhead.

Uprising elsewhere in South Korea seems to have died down. In Seoul, the capital, President Choi Kyu Hah announced the appointment of a new government, to be led by retired air force Major General Park

Chong Hoon.

This follows Tuesday's resignation of the Government of Prime Minister Shin Hyon Hwak, a gesture made after accepting full responsibility for the collapse of public order and a failure to bring riots in the south of the country under control.

Martial law authorities yesterday blamed the unrest on North Korean spies, but there is no evidence to support these claims.

Fears that Communist North Korea would exploit the situation have prevented the military from drawing forces away from the northern border to deal with demonstrators. Over the border, they face an estimated 700,000 North Korean troops.

Kwangju has for some time been a focal point of unrest. It is the capital of the impoverished agricultural Cholla state, and there is traditional animosity towards the neighbouring province of Kwangsan—home state of President Park Chung Hee, who was violently assassinated last October after 18 years of repressive rule.

Cholla is the political base of leading dissident Kim Jae Kyu, a man who nearly won power in the race for presidential power against Park in 1962 and who is treated as a local hero. Demonstrators called for his release.

Both the military and President Choi Kyu Hah are believed to be seeking a political solution to the problem.



This will be the first job facing the new Prime Minister, Park Chong Hoon.

Mr. Park, a former deputy Prime Minister and Economic Planning Minister, first emerged as one of a junta of military officers who ran the country for two years following the coup led by then Major General Park Chung Hee in 1981.

## Talks on Ireland 'a success'

By John Elliott, Industrial Editor

REGULAR meetings are to be held between Mr. Charles Haughey, the Irish Prime Minister, and Mrs. Margaret Thatcher. This was agreed in London yesterday, which Mr. Haughey described as one of the most friendly and cordial meetings he has ever had with any politician.

The British side also judged the meeting to be a distinct success. Officials believed a closer working relationship could now be developed between London and Dublin.

But despite the meeting's success, Mr. Haughey predictably failed to move Mrs. Thatcher on the contentious issue of the constitutional status of Northern Ireland.

Northern Ireland was discussed during the 45-minute meeting, and satisfaction expressed at increased border security, but Mrs. Thatcher did not tell Mr. Haughey the contents of the discussion document to be published next month on devolved power in Ulster.

### Communique

And after the talks Mr. Haughey repeated that the UK Government's guarantee that Northern Ireland would remain part of the UK as long as the majority of the people in the province wished it was a "major stumbling" to the reunification of Ireland by peaceful means.

He said that he had made this point to Mrs. Thatcher and that he believed that, while Britain guaranteed the status of the largely Unionist majority, there could be no progress to a peaceful solution.

Having made his point, however, Mr. Haughey said in the joint communique issued after the talks: "While agreeing with the Prime Minister that any change in the constitutional status of Northern Ireland will only come about with the consent of the majority of the people of Northern Ireland, the Taoiseach (Prime Minister) reaffirmed that it is the wish of the Irish Government to secure the unity of Ireland by agreement and in peace."

Mr. Haughey did not bring a concrete package of constitutional amendments which he might make to enter Northern Ireland into a closer relationship with the Republic.

He hoped that the people of Northern Ireland would come to him to discuss what changes they would like to see in the Republic.

Mr. Haughey specifically rejected an imposed solution to the Northern Ireland problem.

On the imminent British Government plan for political devolution, Mr. Haughey, while not condemning the initiative, said that no approach which tackled Northern Ireland on a purely internal basis could hope to succeed.

## U.S. presses claim for fibre quota compensation

By John Wyles in Brussels

THE European Community is under pressure from the U.S. to bring forward tariff cuts due next January under the General Agreement on Trade and Tariffs as compensation for the special quotas on American fibres Britain introduced in February.

Washington is suggesting that advance tariff cuts on some "chemical related" products would avert U.S. moves to impose import curbs on a range of EEC goods in retaliation for the UK's protective quotas.

The U.S. is entitled to take such action under Article 19 of the GATT treaties and had been expected to do so on Tuesday. The deadline for a decision has been moved to June 20 to allow time for negotiations on the tariff-cutting proposals.

The U.S. objective is to compensate its companies, affected by the British quotas on American-produced polyester filament yarn and nylon carpet yarn, by securing "trade enhancing" tariff cuts from the

EEC for some other products. The European Commission has not ruled out this approach but is determined to keep concessions to a minimum.

It is adamant that none of the proposed cuts should apply to U.S. chemical products, which enjoy significant production cost advantages as a result of lower U.S. prices for oil and gas.

It is these advantages which the EEC claims allowed U.S. producers to make such inroads into the British market that the quotas had to be applied.

Serious discussion has not yet started on products which might enjoy advanced tariff reductions. These advantages, Commission officials suggest, would not in any case be very great since tariff reductions to be introduced next January on imports of chemical related products into the EEC are only of the order of 0.2 or 0.3 per cent.

There is some annoyance in Brussels at the U.S. handling of its case for compensation. It has claimed that the trade which will be lost because of the UK's quotas is worth \$55m (£24m).

This figure is regarded in Brussels as inflated, while the quotas themselves are generous, it is said, and less severe than British producers had demanded.

Unless Washington softens its negotiating line the Commission will stand aside and allow the U.S. to obtain its compensation through some import curbs. The Carter Administration has already published a list of 30 products which could be penalised.

But this was for the purposes of public discussion and does not necessarily mean the entire list of EEC products would be affected. Mr. John Ray, a U.S. assistant special trade representative, is due to Brussels next week for talks with senior Commission officials.

## Meriden hopes hinge on Tokyo

By John Elliott, Industrial Editor

THE MERIDEN motor-cycle co-operative's hope of being saved by a link up with Japanese companies hinges on meetings in Tokyo in three weeks' time.

A three-way rescue plan involving Meriden, a Japanese trading house, Suzuki, which manufactures motor-cycles, and Meriden has been drawn up.

But the go-ahead will depend on Sir Keith Joseph, Industry Secretary, waiving a \$4m loan to the Government by the co-op. This was announced yesterday by Mr. Geoffrey Robinson, the Labour MP for Coventry NW, who is the unpaid chief executive of the co-op.

### Marubeni

He has been discussing a possible deal with Marubeni for some months, despite considerable reservations from some Suzuki executives.

Yesterday he gained the support of representatives of some 300 creditors for a possible deal, and later he said one condition would be that there should be no redundancies among the co-op's 500-strong workforce.

The co-op makes Triumph motor-cycles, and it is understood the possible deal would initially involve extending the range of bikes by introducing sizes smaller than the present 750cc model.

Up to 60 per cent of the bikes might be made up of Suzuki parts imported from Japan.

Mr. Robinson was adamant yesterday that he did not want the co-op to produce all-Suzuki bikes using the Triumph name.

## Weather

### UK TODAY

DRY with sunny intervals. Showers in Eastern, Central and Southern England and South Wales.

Channel Islands, E. N.E. England, N.E. Scotland, Edinburgh, Dundee and Aberdeen areas. Breezy.

Cloudy. Showers. Max. 59°F (15°C).

N. Wales, N.W. Cent. N. England, N. Ireland, Lake District, S.W. Scotland, Argyll, Glasgow area. Sunny Intervals. Dry. Max. 64°F (18°C).

Outlook: Dry with sunny intervals. Showers in the South East. Normal temperatures.

### WORLDWIDE

City	Temp	City	Temp	City	Temp
Algeria	13	London	21	Paris	21
Amsterdam	13	Madrid	21	Rome	21
Athens	20	Moscow	17	Stockholm	17
Bahrein	33	Nairobi	23	Switzerland	17
Barcelona	29	Osaka	21	Taiwan	21
Bombay	27	Seoul	21	Tokyo	21
Buenos Aires	17	Singapore	27	Toronto	27
Calcutta	27	Taipei	27	Washington	27
Cairo	32	Tel Aviv	27	Wellington	27
Cardiff	13	Tientsin	27	Yokohama	27
Chongqing	22	Yokohama	27		
Copenhagen	13				
Dublin	13				
Edinburgh	13				
Florence	22				
Frankfurt	21				
Geneva	21				
Hong Kong	27				
London	21				
Los Angeles	21				
Lyons	21				
Manila	27				
Medan	27				
Memphis	27				
Mexico City	27				
Moscow	17				
Mumbai	27				
Nairobi	23				
Osaka	21				
Paris	21				
Perth	21				
Port of Spain	27				
Rangoon	27				
Rio de Janeiro	27				
Rome	21				
Sao Paulo	27				
Seoul	21				
Singapore	27				
Sydney	27				
Taipei	27				
Tokyo	21				
Toronto	27				
Winnipeg	27				
Yokohama	27				

## THE LEX COLUMN

# The two faces of sterling

Sterling rose by 4 cents against the dollar yesterday, and its trade-weighted index improved to 74.1, the highest closing level since August, 1975. Two factors have given sterling its strong appeal. Interest rates in London remain steady and high while dollar rates are falling steeply—the three-month eurodollar rate fell by around 1 point to 10 1/2 per cent yesterday. And the further round of oil price increases is another reminder to foreigners of the North Sea oil wealth that backs the pound.

All year the UK Government's domestic monetary strategy has faced the potential threat that foreign pressure on the level of the currency might force a cut in interest rates before the trend of the monetary aggregates fully justified it. So far this danger has never quite materialised, but the latest spurt in sterling is the strongest sign yet that the Government will find a go-it-alone policy of high interest rates very difficult to sustain now that the Americans have let their rates come off.

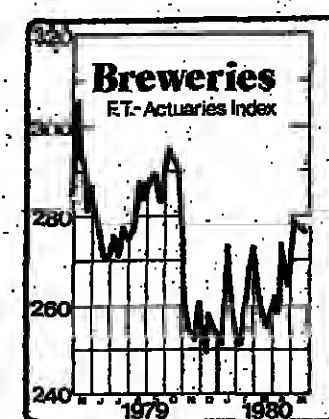
The UK now presents two strikingly different faces to investors. To domestic eyes, inflation is dangerously high and long-term interest rates about 14 per cent on long-dated gilt-edged—uncomfortably high in comparison. To foreigners, however, the domestic inflation rate is irrelevant and the evident stability of sterling is the key point. Relatively high interest rates now make the UK an attractive place to amass bank deposits and dabble in the bond market.

As a result, British institutions have tended to lighten their holdings of gilt-edged over the last few days, and these have been snapped up by foreigners. Some leading gilt-edged brokers report that the proportion of foreign dealing in the market has never been so high.

This paradox is unlikely to be resolved in the near future. British investors will continue to be preoccupied by domestic factors which may continue to be worrisome. The monetary statistics, for instance, are going to be seriously distorted by shifts in the banking system connected with the ending of the corset scheme. Reintermediation is going to boost sterling M3 by several percentage points but the precise extent and timing cannot be accurately predicted.

What is certain is that banks are now getting ready to become aggressive lenders again. Yesterday was the last

Index fell 2.0 to 431.6



but one make-up day that will count for corset penalties, and there were signs from the sudden surge in Eurosterling overnight rates that some banks may have been trying to cover up a recent rise in their balance sheets. By the June make-up day, all constraints will effectively be off.

### Whitbread

The first major brewery results of the season, those of Whitbread, show a respectable improvement, although they may prove to be untypical of the sector. Pre-tax profits have risen by 13.6 per cent to £81.5m, although the proposed employee share ownership scheme takes the effective figure down to just below £60m. The share price fell 1p yesterday to 151p.

Adjusting for the 53-week period of the previous year, turnover rose about 14 per cent, representing an increase in volume of about 3 1/2 per cent and a further rise in the company's market share, boosted by a strong performance in lager. After the first half standstill in margins, blamed on the Price Commission, there was an improvement in the second six months, when comparable pre-tax profits were 18 1/2 per cent higher.

In spite of the large numbers of holders of the 11 per cent convertible who decided to convert—reducing interest charges by about £500,000—there was still a 23 per cent rise in interest payable. This implies that the big capital investment programme has taken a heavy toll of the £38m bank deposits in the 1979 balance sheet. However, a cash flow benefit of about £35m should emerge from the disposal of the Chiswell Street development this year.

providing relief on interest payments of the order of £1m in a full 12 months.

The shares have outperformed the market by about 25 per cent over the last year and remain near their all-time high with a p/e of 11.8, fully taxed, and yield of 6 per cent. The outturn in the current year may be in the region of £70m.

### BOC International

BOC International's second quarter pre-tax profit showed a modest improvement over the same period of the previous year, but for the first half of the year to September, there is still a small decline to £21.1m from £22.3m. As always, the figures are reduced by the provision of replacement cost depreciation—without this there would have been an increase to £48.1m from £48.3m.

Some parts of the business—namely South Africa and the Pacific Basin—are holding up very well, but in Europe and the U.S. the picture is far duller. In the present quarter, Alcoa is seeing a distinct fall in demand, and the UK engineering businesses are having a difficult time, although a price rise in UK gases has helped restore margins that had been heavily eroded by cost increases.

In this sort of climate, a lowering of the interest charge seems the most promising source of higher earnings. But total debt is creeping up again, as a result of the U.S. capital spending programme, despite the receipt of £17m for the Deloro Stellite disposal, net borrowings rose by £6m in the quarter to March. Against this, however, BOC's worries about the interest rate level at which it might be forced to roll over the dollar debt taken on to finance the Alcoa acquisition are being reduced almost daily. The first \$100m rollover has just been done, on a very short-term basis.

Overall pre-tax profits may turn out slightly below last year's £72.4m, but still the p/e on reported earnings of 86p will be below six times, and the prospective yield could be just over 10 per cent. BOC's well-covered dividend and the potential for volume growth in gases is enough to make up for the unexciting immediate prospects.

### Lonrho/Fraser

Lonrho's thoughts on the Tax Column's "poorly researched criticisms" of May 17 may be found on Page 24.

## Islamic move for Afghan talks

By David Housego in Islamabad

ISLAMIC foreign ministers yesterday directed a ministerial delegation to open contacts with the Soviet-backed regime of Mr. Babrak Karmal in Afghanistan as part of a new initiative to try to find a political solution to the Afghan crisis.

The decision on the last full day of the Islamic conference in Islamabad was clearly a climb-down from the conference's earlier strong denunciations of the Soviet intervention in Afghanistan last Christmas. It marked the first time Iran and Pakistan had indicated any readiness to talk to the Kabul Government.

Iran and Pakistan, both neighbours of Afghanistan, would be on the small ministerial committee which

the conference set up for the contacts.

But Mr. Sadegh Qotbzadeh, Iranian Foreign Minister, made clear that such contacts would not imply de facto recognition of the Kabul Government. The contacts would be on the basis that both the Karbel regime and the insurgent movements opposed to it were parties to the conflict in Afghanistan and thus that both should be consulted "as parties concerned."

The decision was a setback for the United States, which has supported a stance of uncompromising opposition to the Kabul regime. But the states of the region, believing that U.S. power is perceptibly weakening in South West Asia, say they must come to terms with Soviet

strength. The success of the initiative will depend on the reaction of Moscow.

Mr. Qotbzadeh conceded last night that the Soviet Union was opposed to negotiations with such a committee unless it first recognised the existing Afghan Government. He said the Soviets refused to discuss a political solution in Afghanistan "hiding behind the so-called Afghan Government."

In even-handed condemnation of both superpowers, the conference also passed resolutions sharply criticising U.S. policies in the Middle East and U.S. aggression against Iran. The 40 countries participating called on Iran to find a solution to the hostage problem

## Ministers adamant Continued from Page 1

ment must listen and act "to reduce unemployment and inflation and stop the disintegration of British industry."

His union's policy was quite clear. There will be no agreement with the Government on wages restraint.

He revived the threat of TUC withdrawal from bodies involving Government, employers and unions. His union would urge the TUC to pull out of any bodies not proving useful to the unions.

Other leading moderates like Mr. Tom Jackson of the Post Office Workers and Mr. Bill Sims of the Steelworkers joined Left-

wingers in saying there was no point in talking to the present administration.

Mr. Jackson is looking for a 22 per cent pay rise for some of his members. Mr. Sims said yesterday the steelworkers would be claiming at least the rise in the cost of living for their settlement next January.

The general council told the Government not to be misled by "unrepresentative statements" from individual trade union leaders. Mr. Murray admitted that was a reference to Mr. Frank Chapple of the Electricians, who this week

lambasted the TUC's Day of Action and called for co-operation with the Government.

John Elliott writes: CBI leaders stressed last night that they had no intention at present of linking with the TUC for a joint approach to the Government on matters such as interest rates and import controls.

Sir Ray Pennock, who yesterday became president of the CBI for a two-year term, said: "We are not looking for such a joint approach."

Sir John Greenborough, the retiring president who now becomes deputy president, said: "We don't think it would be fruitful."

## Quebec votes to stay in Canada

By W. L. LUTKENS in MONTREAL

QUEBEC has voted firmly to stay in the Canadian confederation.

The referendum, held in the French-speaking province on Tuesday, rejected the Quebec Government's wish for a mandate to negotiate sovereignty in an economic union with Canada.

With almost all the votes counted 2,171,913 (59.5 per cent) were against the mandate and 1,478,200 in favour.

A slim majority of the French speakers must have voted "no." English speakers, a province minority of 18 per cent, did so overwhelmingly.

The working class east end of Montreal and Quebec City, seat of the Quebec Government, also voted "no." Even the constituency of Mr. Rene Levesque, the Parti Quebecois Premier,

only just managed a "yes" vote.

Mr. Levesque, who has struggled since 1967 for his idea of "sovereignty association," said as the results came in that the people of Quebec would have to go on living together.

Supporters gathered to hear him in a Montreal sports arena, bawling cheered him for almost 10 minutes in spite of the defeat, gave another roar when he said: "Here's to the next time." That could mean another referendum in due course, although he may have been thinking of the next provincial election.

Federalists—particularly Mr. Claude Ryan, the Quebec Liberal leader—immediately began pressing for a dissolution of the Quebec National Assembly but Mr. Levesque has until Novem-

ber next year to call an election. He is sure to choose his time.

Two themes emerged as the "no" victory became certain. First, Canadians must get over the bitterness of the referendum campaign, second, they must get on with the job of improving their constitution to satisfy the aspirations of the French minority.

Mr. Pierre Trudeau, Prime Minister, has been speaking of a constitutional conference in July, but he may have been optimistic. Mr. Levesque, without whom that conference could not get far, is unlikely to be in a hurry.

The official winner of the campaign is Mr. Ryan, head of the umbrella organisation formed for the "no" forces. After a slow start his sup-

porters' door-to-door canvassing seems to have turned the tide against sovereignty association.

Mr. Ryan appealed to federal sentiment, to the non-English, and to the conservative political instincts of many of the electorate.

Much of the credit for the result must go to Mr. Trudeau, who appears to have persuaded many waverers that voting "no" was more likely to open the road to constitutional reform than voting "yes."

Although reform will be difficult to achieve, Mr. Trudeau is probably at the pinnacle of his career, having twice snatched victory from the jaws of threatened defeat—in the referendum, and in the general elections in February.

Referendum aftermath, Page 22